

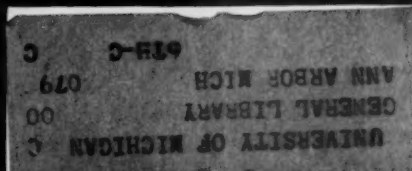
# BUSINESS WEEK

AUG 23 1947



Rep. Christian A. Herter: His committee umpires the Marshall Plan (page 8)

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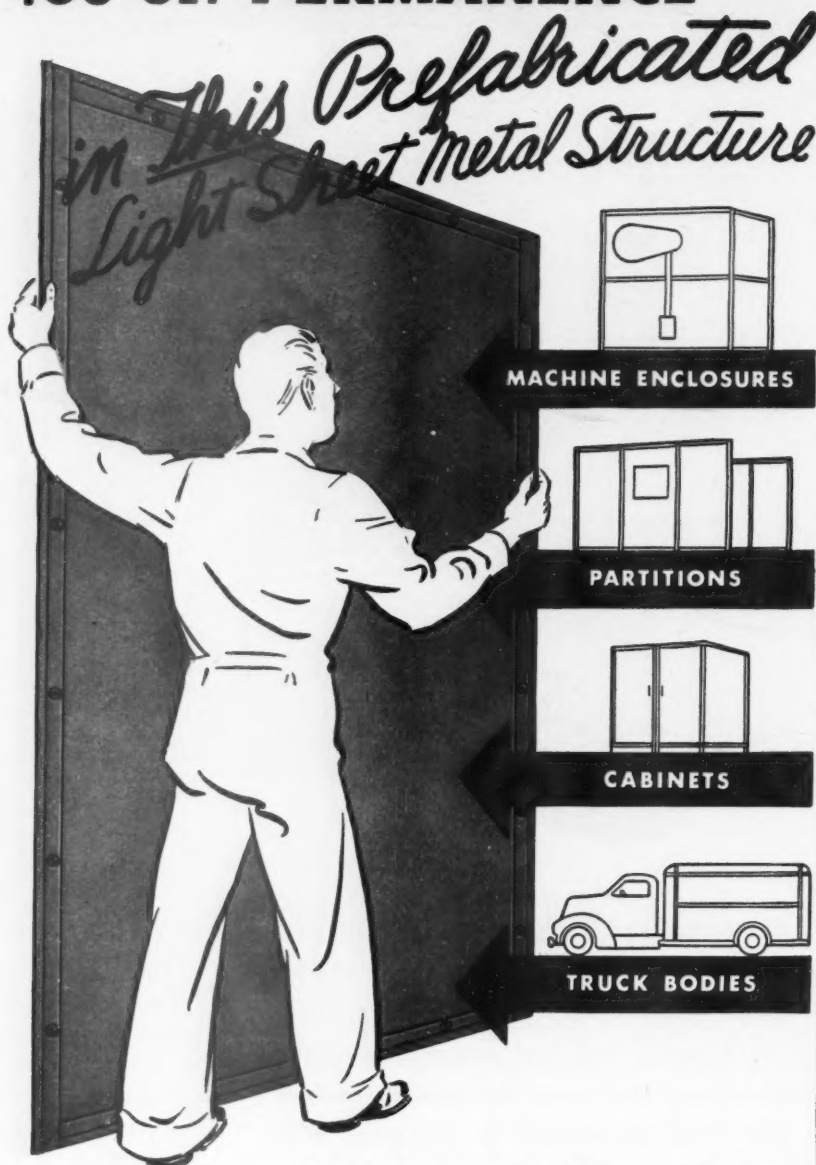
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## BUSINESS WEEK

Business Abroad	85
Business Outlook	86
Finance	87
International Outlook	88
Labor	89
Marketing	90
The Markets	91
New Products	92
Production	93
Readers Report	94
The Trend	95
Washington Outlook	96

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BUSINESS WEEK • Aug. 23, 1947



# WASHINGTON OUTLOOK

SERVICE

**TRUMAN WILL OPPOSE** any tax cuts next year, just as he did—twice—this year.

The inference is clear in his midyear budget review. Truman now estimates the fiscal '48 federal surplus at \$4.7-billion—assuming no dip in business to cut government income.

All this—and part of the Treasury's cash working balance—he pledges to pare down the debt, or to finance new foreign rescue work.

So Truman will attempt to hold off a tax cut at least until fiscal '49.

He may use a tax cut—in the fall of '48—as a campaign promise. Groundwork for this strategy has been laid: Truman has ordered all executive agencies to keep their '49 money requests below '48 spending.

Truman figures federal spending in the fiscal year ending next June 30 will be \$37-billion.

This is just a half-billion less than he estimated last January.

Truman concedes that the G.O.P. Congress cut his budget \$1.5-billion net. (Bridges has claimed \$6.6-billion saved.) But "added starters" have put two-thirds of the cut back onto the spending ledger. So net spending is down only the half-billion.

**OIL PRICES** will beat food, clothing, and housing in getting grand jury attention in Clark's publicized war on high prices (BW—Aug. 16'47, p18).

Federal grand jury is called to sit in Washington next week. Clark's men have summoned regional managers of the oil companies to testify.

They've demanded data on both prices and supply.

Washington was picked for two reasons: (1) The case was all ready to present and is sure to get a big news splash; (2) the trust-busters figure this case may be a "wooden horse" for making a broader dent in oil-industry practices.

**WATCH FOR** Taft's joint economic committee members to ask questions about effects of the Miller-Tydings "fair-trade" law.

Subcommittees will hold home-town hearings on prices across the nation this fall.

Committee staff feels these hearings would be a good place to check into how this law—and its counterpart in many states—is working. Staff interest stems from recent complaints that some

manufacturers are hiking retail, but not wholesale prices.

Note: Both Justice Dept. and FTC have long urged that the Miller-Tydings act should be repealed.

**FAIR-PRACTICES CODES** for business got a green light this week at FTC (BW—Aug. 9'47, p6).

The commissioners shelved their feud over Commissioner Mason's program, wrote a compromise rule of procedure which all five members ratified.

The program: FTC blesses industry codes as a means of policing unfair and misleading trade practices. But cases already in the works against individual concerns when a code conference is docketed may still be prosecuted.

It remains to be seen whether (1) industry will take up FTC's invitation, and (2) FTC itself will pay more than lip service to the machinery it has set up.

**TAFT'S LONG-RANGE HOUSING BILL** was the victim in the G.O.P. fracas over who would run the joint congressional committee to probe the housing situation.

Taft's bill is on the Senate calendar, ready to be debated at next year's session. It was put there by Senator Tobey, who wanted to be chairman of the recess inquiry.

Tobey lost out to the group headed by freshman Senator McCarthy, opponent of Taft's bill. Chairman is Rep. Ralph A. Gamble (R., N. Y.).

Feud isn't over, however. The committee is sure to wind up with two reports. Tobey forces may have the votes to make theirs the majority finding.

• Vandenberg plans to write the Michigan Republican Committee asking it not to name him as the state's favorite-son candidate for President. Short of a real party "draft," Vandenberg wants to stay on as head of the Senate Foreign Relations Committee. . . .

• CAB's Economic Bureau reports that United States airlines fly 61% of the schedule plane miles over the entire world. But the percentage is slipping. . . .

• Truman expects soon to give James Boyd, former Colorado School of Mines dean, an interim appointment as Director of the Bureau of Mines—despite John Lewis' open opposition. . . .

• Four Public Works Administration projects are still going on—it'll take at least two more years to

# WASHINGTON OUTLOOK (Continued)

liquidate this depression-born agency. Biggest unfinished job: Chicago's subway.

• Helicopters win their argument for the right to fly at lower altitudes than regular planes, in revised CAB air-traffic rules issued to go into effect Oct. 8 (BW—Apr. 19'47,p51).

## 19 MEN—WITH A KEY

This is not too much to say: The House Select Committee on Foreign Aid—more than any other group—holds the key to the Marshall plan.

The House is a bigger question mark than the Senate on what kind of—and how much more—aid the U. S. will give Europe.

The committee—known as the Herter Committee—is the House's special agent for getting congressmen the answers. The members go to Europe next week, to see for themselves.

This is no junket; Herter has given his colleagues detailed worksheets to fill out—substitutes for dinner jackets.

What they see and hear (and believe), what they say around the House corridors will inevitably shape how the House votes.

Who are these men of the Herter committee?

They come from 15 states, mostly East and South. None is from America's Ruhr, none from the nation's breadbasket, none from the resource-rich regions of the West. Most are lawyers, bankers; none comes from industry.

They voted: 9-to-7 for reciprocal trade in '45; 9-to-6 for the British loan in '46; 15-to-3 for Greek-Turkish aid in '47.

Eleven are Republicans, eight Democrats.

These are the Republicans:

**"Doc" Eaton** of New Jersey—Nominal chairman; he's 79 and isn't making the trip. But he doesn't need the education; he helped G.O.P. bury isolationism at Mackinac Island in '43.

**"Chris" Herter** of Massachusetts (cover)—Vice-chairman; he runs this show. Hoover's right-hand in Belgian relief in 1920; made special UNRRA survey for State Dept. in '45.

**Andresen** of Minnesota—Considers himself an agriculture expert. Voted against British loan, but for "stop-communism" aid to Greece, Turkey.

**Case** of South Dakota—Calls himself a "small-

town lawyer," but has a big voice in Appropriations Committee. Black Hills ranchman; best known for the Case labor bill of '46.

**Jenkins** of Ohio—Old-guard partisan who pre-dates the New Deal. Long-time isolationist; reciprocal trade his pet peeve. Marshallites have hoped that "a convert makes the best churchgoer."

**Kunkel** of Pennsylvania—Labels himself a farmer-banker. Helped put through Bretton Woods but voted no on Greek aid, British loan.

**Macy** of New York—Groton-Harvard Republican from Wall St., serving first term. Was a \$1-a-year food administrator in World War I.

**Nixon** of California—World War II Pacific veteran; at 34, the "baby" of the group. Avocation: House Un-American Activities Committee.

**Vorys** of Ohio—Sometimes called a "regenerate isolationist"; favors spending to stop communism. Powerful force in Foreign Affairs Committee.

**Vursell** of Illinois—Votes the Chicago Tribune line. A former sheriff.

**Wolverton** of New Jersey—In Congress 25 years. Chairman of Commerce Committee.

And these are the Democrats:

**Brooks** of Louisiana—Strong Army-Navy man, with World War I combat service. Usually votes with Administration, but bolted on British loan.

**Colmer** of Mississippi—Headed '46 House Postwar Planning Committee. Its reports: (1) termed exports essential to U. S. prosperity; (2) urged tying strings to foreign loans; called for getting Germany's Ruhr back into production.

**Cooley** of North Carolina—Administration dependable; carries a chip on his shoulder to London because British cut down tobacco purchases.

**Keogh** of New York—Brooklyn Democrat, up from state Assembly six terms ago.

**Mahon** of Texas—Has seen postwar Europe before in '45. He's taking the same khakis he wore the other time—"to rough it and work."

**"Mike" Monroney** of Oklahoma—Outstanding Democrat on the committee, and highly respected by G.O.P. Toured nation in '43 in behalf of B2H2 resolution for a world organization to halt war.

**Richards** of South Carolina—Administration hundred-percenter on foreign issues; lawyer-judge.

**Walter** of Pennsylvania—Only veteran of both wars on committee; resigned naval flyer's commission in '42 to stay in Congress. Administration stalwart on foreign matters.

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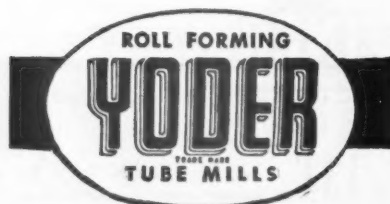
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## THE COVER

In the hectic closing days of the last session of Congress, Rep. Christian Archibald Herter (R., Mass.) introduced a resolution to create a special House committee to study foreign aid. House G.O.P. leaders, who were nursing a feeling of being in a shadow of the Senate on foreign policy, snapped up the resolution and rushed it to passage.

Now Herter is vice-chairman and the real boss of a 19-member committee which sails next Wednesday on the Queen Mary for a six-week study at first hand of Europe's postwar economic and rehabilitation problems (page 6).

• **Diplomatic Service**—Herter is no stranger to the vital problem that his resolution assigns to this committee. He was born in Paris, France, on Mar. 28, 1895, of American parents. After graduating from Harvard with honors in 1915, he went into the State Dept. foreign service.

His first post was the U.S. embassy in Berlin—he was “last-out, first-in” there before and after World War I. Between those trips, he served in the State Dept. in Washington, helped write the prisoner-of-war agreement of 1918, and served as secretary of the American Peace Commission. He became executive secretary of the European Relief Council in 1920, serving as Herbert Hoover's assistant.

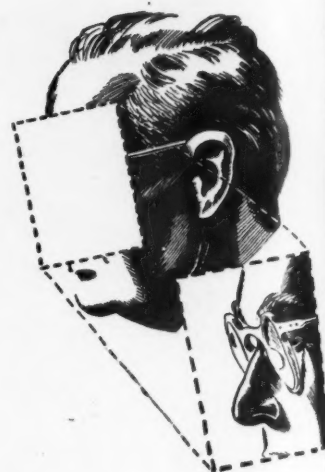
• **Postwar Career**—Then followed three years (1921-24) as Hoover's personal secretary, a magazine stint as editor of the Independent and associate editor of the Sportsman; followed by a switch (1931) into the legislative branch of government as a member (later speaker) of the Massachusetts House of Representatives. He came to Congress in 1943, is now one of the most influential members of the Rules Committee.

Herter's current trip abroad is his second since the end of World War II. His first trip was a tour of Europe on a special study mission for the State Dept. in 1945.

• **A Job to Be Done**—If Herter has his way—and he will—this committee trip will be no congressional junket. His idea is to go to Europe and work; he deliberately picked an ocean sailing instead of a plane trip so that there could be five days of “briefing” for all hands. Once on the other side, the committee will set up London headquarters, split into five groups to cover all of Western Europe. The calling list emphasizes second- and third-level government officials, rather than formal visits, with Mr. Bigs.

**The Pictures**—Cover—Pan American World Airways; Keystone Pictures—17; Int. News—22, 80; Press Assn.—72, 76, 80; Acme—80, 85, 86; Dolph Zubick—36; Reni Newsphoto—67.

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# BUSINESS OUTLOOK

BUSINESS WEEK

AUGUST 23, 1947



Business activity for August will run a little behind the best that may have been expected for the month.

Retail trade is down. There has been some lag in heavy industry. Yet there are no immediate signs of a general letdown; rather the reverse. Some recently lagging industries are picking up.

Hot weather may be blamed for slightly reduced industrial output.

This is a seasonal factor that almost disappeared during the war. In fact, due to pressure of demand, weather's toll still is small.

Even so, foundries have been distinctly affected. Chrysler's production was hobbled on Tuesday of this week. The rate of steel operations has declined slightly for two weeks in a row.

In some cases, workers have been sent home. In others, they have simply stayed home. And in a few, they have said, "too hot," and gone home.

Industry may fret about the few thousand tons of steel lost due to heat and high scrap prices. But there is improvement on one score.

Scrap, down last week (BW—Aug. 16'47, p19), has dropped again. The Iron Age composite is down \$2.50 a ton to \$37.92. A month's rise has been wiped out, but prices still are up \$7 or \$8 from the recent lows.

Improved prospects for cotton textiles (page 56) and certain other consumer lines such as jewelry and luggage (page 17) are hopeful signs.

The turn in cotton goods was discernible in July. But that was the turn in new orders, not in production. July operations were the lowest for any month save one since 1940.

Cotton consumption last month fell to 677,500 bales, the Census Bureau reported this week. That compares with 728,250 in June and 729,600 in July a year ago (and a postwar peak above 900,000 last October).

Cotton had a better year in 1946-47 than it faces in the new season that started the first of this month.

Consumption for the 12 months ended July 31 totaled 10,035,304 bales. That's not to be sneezed at, even by wartime standards. And it tops the best prewar years by about 3,000,000 bales.

Most ideas for the next 12 months range between 8,000,000 and 8,500,000 bales. Even if we do no better than average the July rate of operations, the figure would be about 8,250,000 bales.

Some increase from July clearly is right ahead of us. Beyond that, prediction becomes a dangerous proposition.

Retail sales figures suffer from comparison with a year ago at the moment. The OPA mixup in 1946 brought an extraordinary August boom. And some analysts say that sales now are being held down by the weather.

Department stores fell 3% below last year in dollar volume for the week ended Aug. 9. By Federal Reserve districts, the New York, Cleveland, Chicago, St. Louis, Kansas City, and Dallas areas made poorer than average showings.

Then, for the Aug. 16 week, New York City fell 11% behind 1946.

Department store men aren't so much interested in what happens in

# BUSINESS OUTLOOK (Continued)

BUSINESS WEEK  
AUGUST 23, 1947

August as they are in how style merchandise moves from now on. This is the first big change in women's fashions since the wartime freeze.

Women talk about boycotting the new hip and hem lines—now.

If they really did it, department stores' most important business would be blighted. Not only that, but when women don't come into the stores for clothes, other departments' sales suffer.

Stores are counting on the gals getting more used to the new fashions as they see them in the smart spots. Any mere male might observe that, if they'll buy the hats they've been wearing, they'll buy anything.

But the problem is real. Not only are the fashions radical but the prices are up. Better workmanship has to combat price resistance.

•  
Present price trends are a bit more confused than they might seem at a quick glance.

The trend at wholesale and retail is up, as anyone knows. This round of price increases was forecast by rising spot markets a good while ago (BW—Jul. 12'47, p9). And it has not yet spent itself.

But spot markets haven't gained much ground in the last month (although the rise that started in May topped off only a few days ago). Recent dips would have been even more marked but for the corn squeeze.

If uneasiness in spot markets should spread, the upward pressure would begin to ease at wholesale in September. That might signal the much heralded "adjustment" that many people now think isn't coming at all.

•  
Beef prices have little reason to go any higher at retail.

Prices of most grades of cattle have been at or below the mid-July top for a month now. Slaughter runs have been averaging about the same amount, week after week, for months, so supplies are unchanged.

There probably isn't going to be any decline, though, until hog marketings jump in October (or unless buyers go on strike).

•  
Real reason for the upsurge in meat generally has been that consumers got used to last spring's price levels and resumed buying.

The seasonal decline in slaughter has been much less marked than usual. July averaged very little lower than preceding months. But consumers wanted more meat than was being butchered.

We drew 50,000,000 lb. on stored meats in July. That brought supplies down to a very low level, strengthened price ideas all along the line.

•  
Sugar interests are beginning to wonder if the party isn't over.

Prices on contracts calling for future delivery are down. May, 1948, now is off 1¢ a lb. in the two months since the market reopened.

Talk now isn't so much of a boom like that which followed the last war but of a bust without a boom.

Cuba's huge crop is the crux of it all. What the island isn't able to market, Commodity Credit Corp. must buy. But a surplus in CCC's hands is just as much a surplus as it would be anywhere else.

•  
One line after another gradually runs through backlogs that once looked endless. Now it's spark plugs. Champion this week eliminated its third shift because it had caught up with the order book.

# FIGURES OF THE WEEK

## THE INDEX (see chart below).

### PRODUCTION

	% Latest Week	Preceding Week	Month Ago	Year Ago	1941 Average
Steel ingot operations (% of capacity).....	92.8	93.2	93.1	89.7	97.3
Production of automobiles and trucks.....	84,058	†79,452	103,091	88,990	98,236
Engineering const. awards (Eng. News-Rec. 4-week daily av. in thousands)....	\$15,724	\$16,782	\$18,409	\$19,226	\$19,433
Electric power output (million kilowatt-hours).....	4,923	4,874	4,732	4,422	3,130
Crude oil (daily average, 1,000 bbl.).....	5,159	5,105	5,050	4,843	3,842
Bituminous coal (daily average, 1,000 tons).....	1,958	†1,950	1,017	2,058	1,685

### TRADE

Miscellaneous and L.C.L. carloadings (daily average, 1,000 cars).....	84	85	80	84	86
All other carloadings (daily average, 1,000 cars).....	67	68	55	65	52
Money in circulation (Wednesday series, millions).....	\$28,223	\$28,206	\$28,225	\$28,353	\$9,613
Department store sales (change from same week of preceding year).....	—3%	+1%	+8%	+30%	+17%
Business failures (Dun & Bradstreet, number).....	78	60	63	17	228

### PRICES (Average for the week)

Spot commodity index (Moody's, Dec. 31, 1931=100).....	421.4	424.5	418.7	348.5	198.1
Industrial raw materials (U. S. Bureau of Labor Statistics, Aug., 1939=100)....	268.3	270.0	267.3	202.9	138.5
Domestic farm products (U. S. Bureau of Labor Statistics, Aug., 1939=100)....	374.5	372.6	375.3	308.4	146.6
Finished steel composite (Steel, ton).....	\$75.41	\$75.41	\$69.82	\$64.45	\$56.73
Scrap steel composite (Iron Age, ton).....	\$37.92	\$40.42	\$40.00	\$19.17	\$19.48
Copper (electrolytic, Connecticut Valley, lb.).....	21.500¢	21.500¢	21.500¢	14.375¢	12.022¢
Wheat (Kansas City, bu.).....	\$2.29	\$2.29	\$2.31	\$1.95	\$0.99
†Sugar (raw, delivered New York, lb.).....	6.32¢	6.32¢	6.19¢	4.20¢	3.38¢
Cotton (middling, ten designated markets, lb.).....	34.38¢	35.16¢	38.11¢	35.79¢	13.94¢
Wool tops (New York, lb.).....	\$1.702	\$1.680	\$1.660	\$1.330	\$1.281
Rubber (ribbed smoked sheets, New York, lb.).....	15.26¢	15.01¢	16.63¢	22.50¢	22.16¢

### FINANCE

90 stocks, price index (Standard & Poor's Corp.).....	122.9	122.6	125.8	141.8	78.0
Medium grade corporate bond yield (30 Baa issues, Moody's).....	3.16%	3.16%	3.17%	3.04%	4.33%
High grade corporate bond yield (30 Aaa issues, Moody's).....	2.56%	2.55%	2.55%	2.51%	2.77%
Call loans renewal rate, N. Y. Stock Exchange (daily average).....	1½-1½	1½-1½	1½-1½	1½-1½	1.00%
Prime commercial paper, 4-to-6 months, N. Y. City (prevailing rate).....	1%	1%	1%	¾-¾	¾-¾

### BANKING (Millions of dollars)

Demand deposits adjusted, reporting member banks.....	46,574	46,809	46,963	45,436	††27,777
Total loans and investments, reporting member banks.....	63,513	63,629	63,416	68,303	††32,309
Commercial and agricultural loans, reporting member banks.....	12,238	12,092	11,848	9,212	††6,963
Securities loans, reporting member banks.....	1,975	2,095	2,062	3,530	††1,038
U. S. gov't and gov't guaranteed obligations held, reporting member banks.....	38,588	38,735	39,145	46,923	††15,999
Other securities held, reporting member banks.....	4,228	4,232	4,130	4,002	††4,303
Excess reserves, all member banks (Wednesday series).....	850	810	800	898	5,290
Total federal reserve credit outstanding (Wednesday series).....	22,494	22,211	22,248	24,238	2,265

\*Preliminary, week ended August 16th.

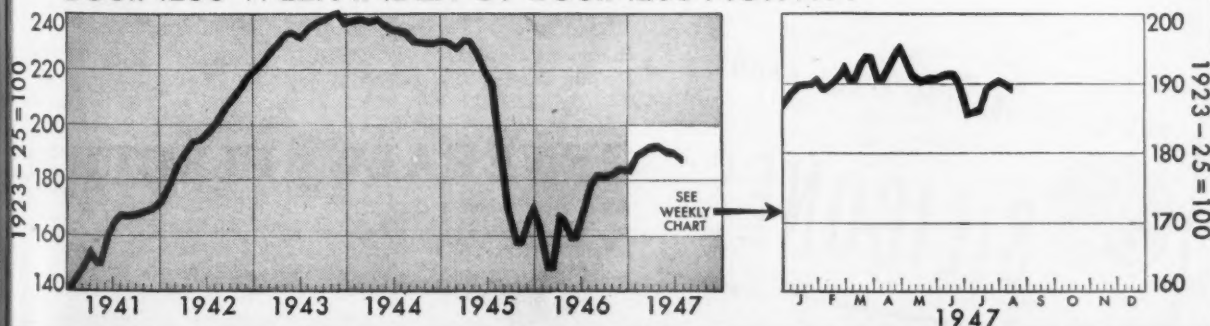
‡Ceiling fixed by government.

§Date for "Latest Week" on each series on request.

†Revised.

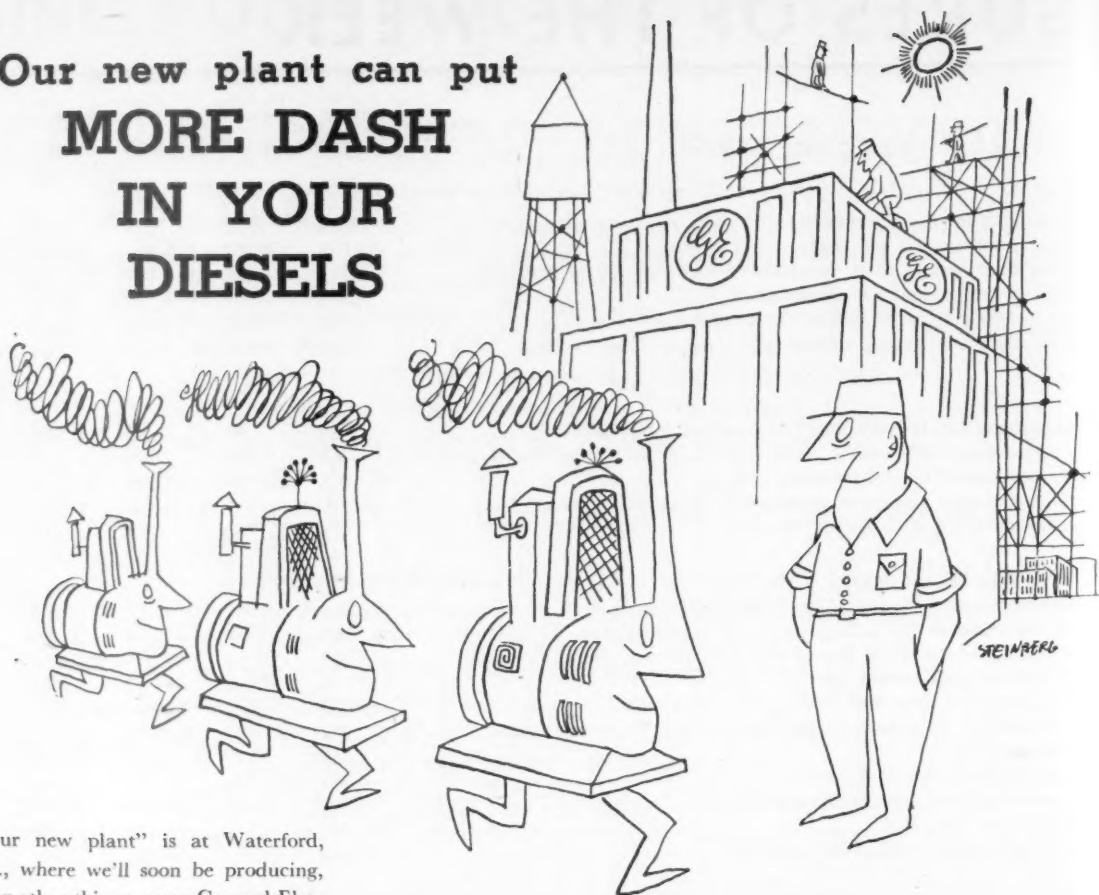
††Estimate (B.W.—Jul.12'47,p.16)

## BUSINESS WEEK INDEX OF BUSINESS ACTIVITY





# Our new plant can put **MORE DASH IN YOUR DIESELS**



"Our new plant" is at Waterford, N. Y., where we'll soon be producing, among other things, more General Electric silicone rubber. And this silicone rubber, because of its high heat-resistant qualities, will do wonderful things for your diesel engines.

Silicone rubber is ideal as a gasket material used between the supercharger and engine block. It is soft and resilient, giving positive gasketing action, but most important, it resists the high diesel temperatures without deteriorating. This means fewer replacements of gaskets, less time lost due to repairs, and lasting "zip" in diesel compression chambers.

Of course, that's not the only use manufacturers have found for General Electric silicone rubber. Aircraft motors,

vacuum systems, explosion-proof lamps, and infrared baking equipment have all employed silicone rubber gaskets to singular advantage. Tested as withstanding temperatures ranging from 55 below zero to 520 F, General Electric silicone rubber will not adhere to metals or other materials, and retains surface hardness and flexibility at these widely separated points of the thermometer.

Speaking of silicones, here are some other members of the family that will soon be leaving their home in Waterford to go to work for many forward-looking manufacturers and businessmen.

There are silicone oils that flow at 120 below zero, yet won't ignite at tempera-

tures as high as 575 F. You'll find them in business as molding lubricants. Silicone resins will be in demand in finishes for automobiles, refrigerators, ranges, hospital equipment and scores of other products.

And if you're interested in an amazing new water-repellent material, there's DRI-FILM,\* another result of G-E silicone research. DRI-FILM is just the thing for making textiles, paper, ceramics, plastics, and glass water-repellent.

The G-E silicone family is a prolific one. It's growing every day as General Electric silicone research continues. Chemical Department, General Electric Company, Pittsfield, Massachusetts.

YOU'LL BE HEARING A LOT ABOUT  
**GE SILICONES**

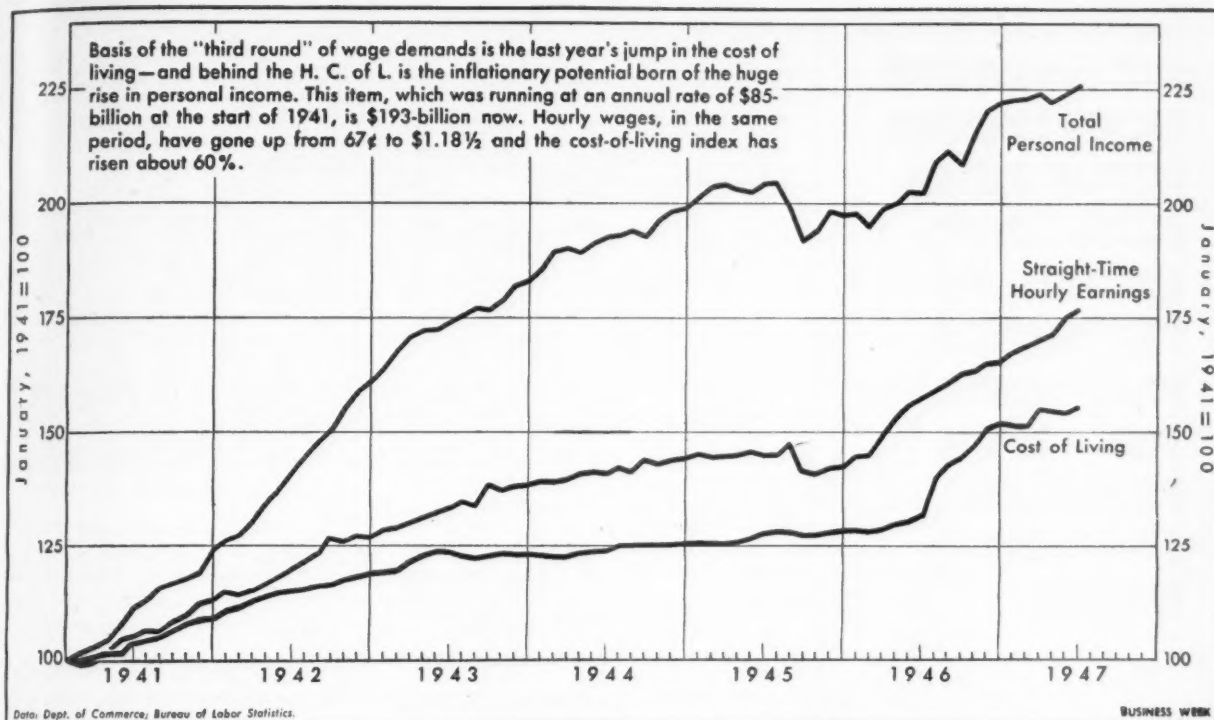
Please address inquiries about G-E silicones to Resin and Insulation Materials Division, Chemical Department, General Electric Co., Schenectady 5, N. Y.

**GENERAL  ELECTRIC**

\*REG. U. S. PAT. OFF.

CD47-514





## Third Wage-Price Round Due

Cost-of-living index, hitting record high, is bound to bring new wage demands. Business likely to meet them to prevent strikes. But if new high prices follow, could consumers take them?

Most U. S. businessmen recently have been basking in the realization that there will be no recession this summer. But this week they began to see a cloud around the silver lining: If the cost-of-living continues to climb, there is sure to be a third round of wage demands. Right now the cost-of-living index has moved up to 157.1—a new high. It shows no signs of slowing down.

• **Assumption**—Most businessmen blueprinted their plans on the assumption that the second round of wage-price increases would be the last. They figured that the spiral would slow, stop, finally start down in an orderly fashion. So they confidently boosted prices to meet the added cost of new wage contracts. The reasoning: High production would meet demand, keep prices from rising.

For a while it looked as though this theory were sound. Both the cost-of-living and total personal income began to drop at the end of the first quarter of this year (chart). But at midsummer—just the time when some sort of real adjustment was generally expected—

both took a sudden turn upward. And they are still going.

This means only one thing: The theory that the second round would be the last is a pipe dream. A third round in the wage-price spiral seems about to start.

• **Labor's Move**—The first move will be new wage demands from labor. Stirrings are already evident:

• Last September the Railway Trainmen (Ind.) decided not to ask for increases. Now they have changed their minds.

• C.I.O. Rubber Workers got 11½¢ in March. They are now trying to make it 15¢.

• C.I.O. Shipyard Workers has been on strike since June for 13¢ an hour and six paid holidays.

• The C.I.O. Textile Workers is after an increase in the southern cotton-rayon industries.

• **Special Request**—Most of the new contracts don't allow reopening of wage negotiations until next year. (For example, the steel contract permits re-

opening on Apr. 5, 1948, the General Motors contract on Apr. 28, 1948.) But the unions won't hold still that long. They are sure to ask for special wage talks. And if they don't get them, rank-and-file pressure is sure to come.

Will management give in? The answer could well be yes. For management knows that the safest way to keep disaster from its doors is to keep production high. That means settling on almost any terms that will avert a work stoppage. Low production would mean still higher prices—and even greater pressure for higher wages. So the choice lies between granting increases without a strike, or granting them after a strike.

• **Weapon**—The club that labor will swing is the high c.-of-l. Labor is also sure to clamor that in seven important industrial cities, the cost-of-living tops the 157.1 national average. They are:

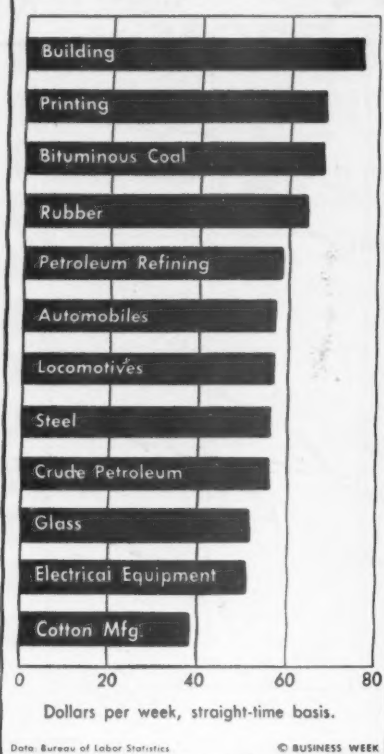
Savannah	165.8
Birmingham	162.1
Pittsburgh	161.1
Baltimore	160.5
Cleveland	160.3
San Francisco	159.3
Seattle	158.3

Labor will argue, too, that rents, formerly a fairly stable item, are now allowed to rise 15%.

• **Race**—Meantime the cost-price race continued last week:

• The BLS index of commodity prices

## WAGES AT END OF "SECOND ROUND"



advanced to a new postwar peak for the fourth successive week. (During last week food prices jumped 1.8%.)

• Chrysler Corp. announced price increases of \$45 to \$143 on cars and trucks. This followed the moves of G.M., Packard, Hudson, Kaiser-Frazer, and Nash—all of which have boosted prices this month.

• Lehigh Portland Cement Co., Alpha Portland Cement Co., and Nazareth Cement Co. raised prices 10¢ per 100 lb. Other companies were due to follow.

• Timken Roller Bearing Co.'s steel and tubing division added \$5 a ton to hot rolled and \$6 a ton to cold finished alloy steel bars. It also made comparable increases in other kinds of tubing.

• Baldwin Locomotive raised prices 6% (between \$4,200 and \$34,000 per unit) on diesel locomotives. G.M. boosted prices 6% on all types of diesel power for railroads effective Oct. 10.

• **Two Points**—When or how the spiral will break is management's big question. Two clues might be kept in mind.

One is that the export boom is drawing to an end (BW-Aug.16'47,p15). That will mean that domestic pipelines will fill up faster and demand will be met sooner.

The other point is that the high current rate of plant expansion is bound to end sometime—although when is hard to predict. Outlays for producers'

durable equipment are now running at the rate of \$17-billion a year, as against only \$7,134,000,000 in 1945. When this rate starts to give, the inflation spiral might give with it.

Meanwhile, one big bogey: Can consumers take still another complete round of price rises after the third round of wage increases? On the answer to that question hangs the prosperity of the U. S.

## Chenille Industry On the Road Back

Georgia's tufted-textile (chenille) industry is trying for a comeback. But its future depends primarily on the large factory operators; they were out of the field during the war, working on government contracts, and are just now getting back into the swing. The small operators—the farm or home shop, the garage or wayside plant—are out of the picture except for passing tourist business.

The terrific slump that hit the industry last spring is gradually giving way to rising production. During recent months, many mills have reopened. New designs, colors, and fabrics are being used. Synthetic fibers are being added to give lustre.

• **Modest Start**—Georgia's multimillion-dollar chenille industry had small beginnings. Way back in 1895, Mrs. W. L. Whitener of Whitfield County made the first hand-tufted bedspread, sold it for \$2.50. For more than 25 years after that chenille was largely a home industry. Then, early in the

1920's, businessmen around Dalton, Ga., began to see its possibilities. Factory production began slowly, mushroomed with the development in the 1930's of the electric needle punch to replace the laborious candlewick.

The industry's production peak came in the last-quarter of 1945 and the first nine months of 1946. Calendar year sales in 1946 totaled \$122-million. But then the slump hit. Causes: overproduction, too-high prices, the wartime philosophy of "anything sells."

• **Standards**—Today the industry is beginning to get back on its feet. To help stabilize future operations, the Tufted Textile Manufacturers' Assn., with headquarters in Dalton, is setting up standards. They cover quality, size, contracts, sales discounts.

## UNION BOWS IN NASHUA

A fast rearguard action by the Textile Workers Union (C.I.O.) has saved the Nashua Mfg. Co. for Nashua, N. H.

Given the choice of seeing Nashua Mfg. close all its textile mills in that city or of agreeing to physical reorganization of operations (BW-Aug.16'47,p17), the union accepted the inevitable.

Under the arrangement Nashua Mfg. Co.'s parent, Textron, Inc., will gradually release 1,500 of the present 4,000 employees. Only the most efficient workers and supervisors will be retained. Textron will order \$1,200,000 of new machinery; it will also pay a 5¢ hourly wage increase, in line with similar contracts ratified throughout New England.

## What's Happening to the Cost of Living

	Food	Clothing	Rent	Gas & Elec- tricity	Other Fuels & Ice	House Fur- nishings	Misc.	Total Cost of Living
August, 1939.....	93.5	100.3	104.3	99.0	96.3	100.6	100.4	98.6
January, 1941*.....	97.8	100.7	105.0	97.4	104.2	100.1	101.9	100.8
June .....	105.9	103.3	105.8	97.4	105.4	105.3	103.3	104.6
June, 1942.....	123.2	125.3	108.5	96.6	113.1	122.3	110.9	116.4
June, 1943.....	141.9	127.9	108.0	96.1	118.9	125.4	115.7	124.8
June, 1944.....	135.7	138.0	108.1	95.6	123.2	138.4	121.7	125.4
June, 1945.....	141.1	145.4	108.3	95.2	124.5	145.8	124.0	129.0
June, 1946.....	145.6	157.2	108.5	92.1	128.4	156.1	127.9	133.3
July .....	165.7	158.7	108.7	92.1	133.8	157.9	128.2	141.2
August .....	171.2	161.2	108.7	91.8	135.0	160.0	129.8	144.1
September .....	174.1	165.9	108.8	91.7	136.5	165.6	129.9	145.9
October .....	180.0	168.1	108.8	91.6	136.6	168.5	131.0	148.6
November .....	187.7	171.0	108.8	91.8	137.2	171.0	132.5	152.2
December .....	185.9	176.5	108.8	92.0	138.3	177.1	136.1	153.3
January, 1947.....	183.8	179.0	108.8	91.9	142.1	179.1	137.1	153.3
February .....	182.3	181.5	108.9	92.2	142.3	180.8	137.4	153.2
March .....	189.5	184.3	109.0	92.2	142.5	182.3	138.2	156.3
April .....	188.0	184.9	109.0	92.5	143.8	182.5	139.2	156.2
May .....	187.6	185.0	109.2	92.4	142.4	181.9	139.0	156.0
June .....	190.5	185.7	109.2	91.7	143.0	182.6	139.1	157.1

\* Base month of NWLB's "Little Steel" formula.

Data: U. S. Bureau of Labor Statistics; 1935-39 = 100.



DIAMOND GRINDING speeds up again as the luxury goods market recovers.

## Jewelry, Luggage Come Alive

Two hardest hit industries get encouraging results from first shows since war as order books fill up. Chiefly responsible are better quality, new design—and modern merchandising methods.

Probably the two industries hit hardest by the war and its after-effects were jewelry and luggage. To both manufacturers and retailers, the last six months in particular have seemed endless. Order books have been all but blank. Some plants were shut down entirely, while luckier ones operated at 50% capacity.

**• Bogdown and Relief**—Several factors were responsible for the bogdown. Retailers were stuck with heavy inventories of high-priced, unwanted wartime merchandise. The public demanded new styles and high quality for the prices they had to pay. And both the trade and the public were hoping that Congress would kill the 20% wartime luxury tax. When Congress didn't, luggage and jewelry men enjoyed a kind of negative relief: At least one important uncertainty that had retarded sales was removed.

But now they have something really positive to be cheerful about. Each industry held a show last week in New York—the first since before the war. Largely because they had followed the public's demand, both came out with order books brimming.

**• New Luggage**—The 170 luggage manufacturers were besieged with orders and inquiries. Their merchandise was startlingly new, with styles geared to the fall and winter fashions in men's and women's ready-to-wear clothing. Retail

buyers were pleasantly surprised at the change, thus ordered heavily for fall and Christmas delivery.

Industry leaders are jubilant. Maurice A. Levitan, vice-president of the Luggage & Leather Goods Manufacturers of America, declared "Actual orders were six to eight times heavier than at any previous show." And Leo Stein, head of the luggage firm of Stein Brothers, Chicago, said: "Important considerations in all buyers' minds were better qualities, smarter styling, and 50% better value for the money."

**• Better Materials**—All those considerations were plainly evident. Gone were the wartime cardboard liners and brass-plated fittings. In their places were sturdy plywood and solid brass. Gone, too, was the 20¢-a-yd. wartime lining fabrics, replaced with fine fabrics costing from 60¢ up. And even though leather is still in scarce supply, much of it was guaranteed.

Considerable stress has been put on new styling to push sales up. For example, something new has been added to the briefcase—long the close companion of the businessman. Many now include two compartments, one for personal effects (like an extra shirt), the other for business papers.

The luggage makers are also carrying sales techniques into new realms. One unusual touch was their own clothing style show, which featured lug-

gage accessories. And they plugged for department stores to combine luggage with their clothing shows. Their main sales theme: Luggage department sales can bring handsome profits.

**• Jewelry Recovery**—The National American Retail Jewelers' Assn. had a similarly successful week. Buying was not so heavy as it was at the luggage show, but retailer interest had obviously revived.

For example, A. L. Zeitung, sales director for International Silver Co., predicted that manufacturers' sales of silverware this year would run between \$65-million and \$75-million.

Costume jewelry, in a particularly serious slump since the first of this year, also showed signs of picking up. Bright new designs of better quality brought many orders. But the manufacturers aren't counting entirely on the retailers. They are relying on the new women's fashion silhouette to bail them out of any real trouble. Dress manufacturers are expected to buy a great deal of costume jewelry to add display value to ready-to-wear clothes this fall and winter.

**• Diamonds Quiet**—In the diamond sector of the jewelry exhibit, conditions were quiet. But the market is nearing stability, thanks to:

**• The recent merger with De Beers Consolidated Mines, Ltd., of Dr. J. T. Williamson's huge deposit which he discovered in Tanganyika last year (BW-Oct. 5 '46, p21).**

**• The bettering by the London diamond syndicate of its shipping assortment.**

**• Better control in Europe of black market operations.** This has helped to steady the Amsterdam and Antwerp markets, where diamond prices are heading for \$175 to \$200 per carat.

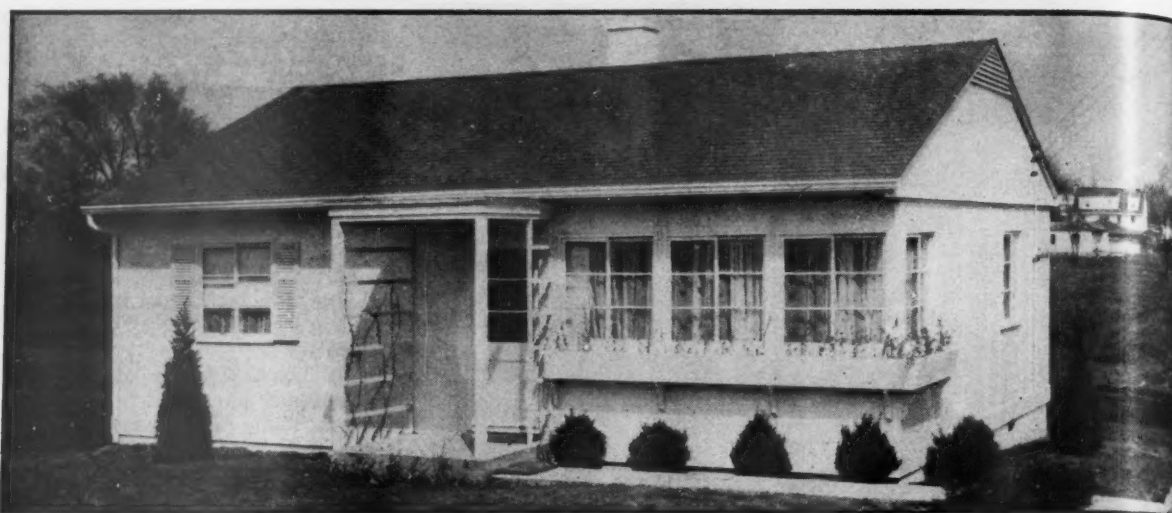
**• New Merchandising**—The jewelry trade also has taken two major steps toward better merchandising.

The first is that both retailers and manufacturers are concentrating heavily on packaging.

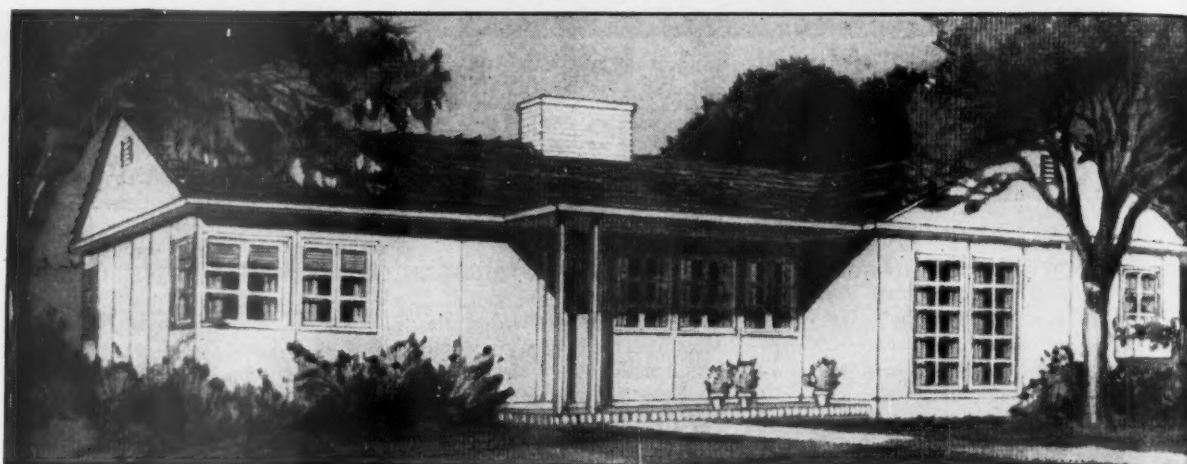
The second development comes straight out of the wartime squeeze. With jewelry in short supply, retailers took on household appliances to keep going. They discovered that the increase in store traffic was enough to warrant keeping them on. Now more and more jewelers—particularly those with installment selling experience—are preparing to take on this new business.

**• Calculated Risk**—To both jewelry and luggage manufacturers, one outstanding conclusion would be drawn from the success of their shows: The worst of their recession is over. They are putting a lot of eggs in the basket of fall merchandising and fashion sales plans. But after the last six months or so, it certainly seemed like a risk worth taking.





A HOMEOLA BERKELEY (above), plus another, expands into a spacious Winsted (below)—a prefab trick to expand a market.



## Prefab Makers Buckle Down

Postwar production has fallen far below hopes. But industry feels it is at last out of the infant stage. Chief problems today: efficient distribution, high costs, antiquated local building codes.

In early 1946, when the Wyatt housing program was proposed to a house-hunting nation (BW—Feb. 16 '46, p25), astronomical goals were set for prefab units: 250,000 in 1946; 600,000 in 1947.

• **Hard Facts**—But grim reality forced housing officials to scale down those goals sharply. The industry itself wasn't set up to mass-produce anything like that number of units; materials weren't available; the buying public wasn't sold on prefab houses.

Last year some 37,000 prefab units actually were shipped by producers. Last week the Office of Housing Expediter predicted 50,000 units would be made in 1947.

• **Aid**—These pitiful results were recorded despite strenuous government

efforts to transform an infant industry into a major producer of housing. These efforts included:

(1) Federal-guaranteed market contracts. Under these contracts the government agreed to buy unsold units at cost. At present 21 companies hold such contracts. Originally, these 21 were scheduled to produce 90,000 homes; now the contracts have been scaled down to cover only 40,000 units this year. (Several firms are turning out prefabs without federal guarantees.) Authority to issue such contracts expired June 30, but those in effect will be carried through.

(2) Priority aid in securing materials. Last year 280 firms got such aid; about 200 actually produced prefabricated houses. Today some 185 firms are in

the business; of these, 130 are turning out houses in varying numbers, 15 are new organizations getting started while the remainder appear to be doing little.

Latest attempt to give the industry a lift involves FHA-insured loans to prefab manufacturers. Private lenders are eligible for this insurance on loans made to finance the cost of manufacturing houses. Principal limitation is that the houses must meet FHA requirements as to quality, durability, livability, and safety.

• **Too Much Publicity**—Practical, hard-headed men in the prefab business and there are a number of them—now hope that the ballyhoo about their industry will end quickly. They believe that they have a worthwhile product to sell; but they know, too, that prefabs will never solve the nation's housing shortage overnight. What they want is a little peace and quiet to develop the industry slowly and soundly.

Biggest fault of the industry to date as they see it, is its failure to give proper attention to marketing problems. A



prefab man put it, "They developed their products and manufactured them, but gave little heed to development of a long-term method of distribution."

Here are examples of what a few logical prefab manufacturers are doing to lick the distribution problem:

**Wingfoot Homes, Inc.**, subsidiary of Goodyear Tire & Rubber Co., is producing what it calls a "portable, three-room efficiency apartment." It sells for \$650, f.o.b. factory. Sales are pushed through two channels: (1) public housing authorities who can buy big blocks one time; (2) dealers making individual sales.

The dealer organization is now being set up. Wingfoot has about 80 dealers.

**HomeOla Corp.**, Chicago, turns out a house of lumber, plywood, and steel. Its marketing program calls for sale of 50% of output through lumber dealers; 25% for multiple housing projects; and 25% through specialized dealers or to industrial buyers, government agencies, and the like.

**General Panel Corp.**, Burbank, Calif., is just getting into production. Its first model will be a two-bedroom lumber-plywood house selling for \$5,500-6,000 erected. The houses will be marketed through 50 dealers who will also be erecting.

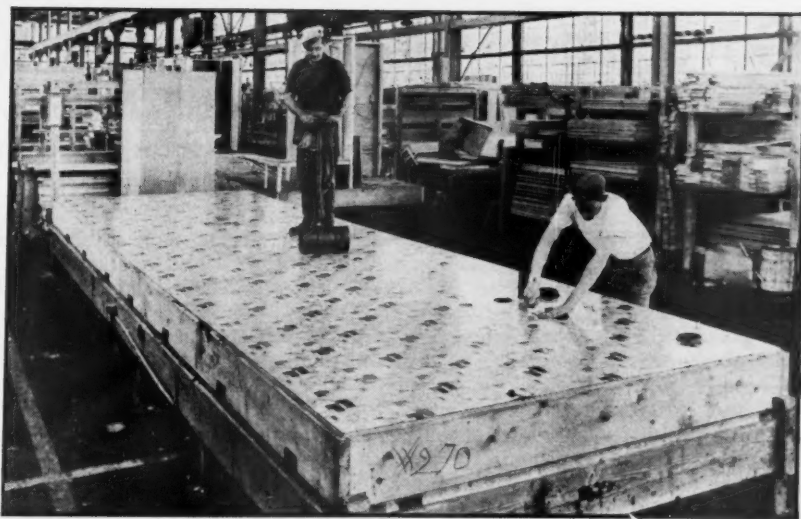
**General Homes, Inc.**, Columbus, Ohio, is turning out a house of aluminum, wallboard, and steel. The company has substituted aluminum for steel wherever possible because of the steel shortage. It markets through franchised dealers, also is fostering organization of veterans' co-ops. Three such co-ops have been set up—in Dayton and Hamilton, Ohio, and Detroit.

**Headaches**—Production problems, the prefab men say, are pretty well licked. Labor resistance to packaged housing is diminishing or nonexistent. But there are other worries:

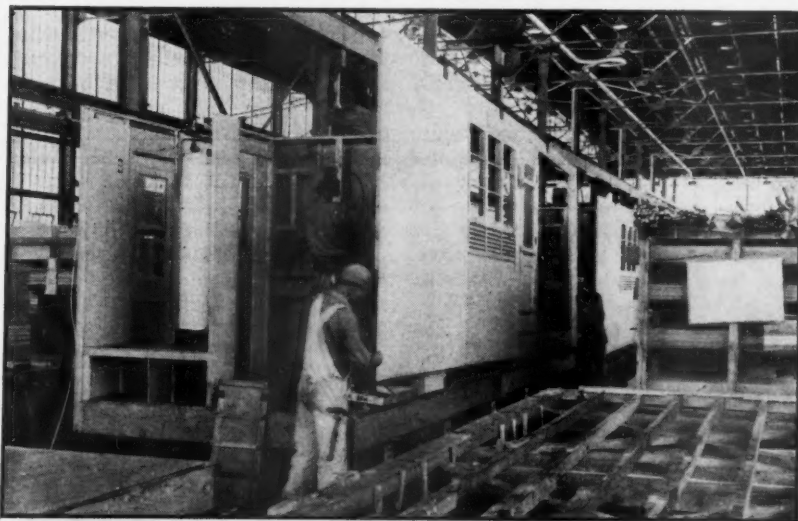
Building codes are a major barrier in many major cities (Report to Executives: BW—Mar. 23 '46, p41). Progress is being made, however. There are enough rural and suburban areas without codes to absorb prefab builders' present productive capacity. Some cities have rejected building codes. And in Massachusetts, prefabricated housing is under state control regardless of local building restrictions.

Prefab builders feel that they must cut costs, and thus prices, to exploit the advantages claimed for mass-produced, manufactured housing.

The industry wishes someone would invent a catchy name to replace "prefabricated." The public, it believes, still associates that title with flimsy prewar and wartime structures. All kinds of substitutes have been suggested: pre-engineered, pre-cut, sectional, factory-built, manufactured. None has caught on, however.



EARLY STEP in Goodyear's Wingfoot homemaking is pasting down the linoleum.



ON ITS WAY down the line, the floor picks up walls, wiring, and plumbing.



COMPLETED, the Wingfoot home is delivered equipped, ready to move into

# Government Blasts at Prices

But charges against steel and rubber industries seem badly timed; steel quotations now vary widely, and tire prices have been cut to prewar level. Technicolor and Eastman Kodak also accused.

The federal government allowed its new inquiry into price conspiracies in the housing, food, and clothing fields to simmer this week. But it turned the heat full blast on three other, unrelated industries.

In a single day, complaints were filed against practically the entire steel industry, eight leading rubber companies, and three companies in the commercial color film business. All the complaints alleged conspiracy in pricing and distribution.

• **In Steel**—The Federal Trade Commission set off the fireworks with its charge of collusive price-fixing under the basing-point system in steel. But its action did not cause much of a stir, since FTC has sniped at the steel-makers many times before.

Curiously, however, the attack came at a time when list prices of a number of steel products are not at all uniform.

"Dual pricing" has been a lively discussion topic ever since steel prices were boosted last month (BW—Aug. 2'47,p17). The leading producer, U. S.

Steel Corp., raised some of its prices from \$1 to \$5 a ton less than others.

• **Different Levels**—Big Steel advanced galvanized sheets \$6 a ton while independent producers jacked them up \$8 to \$10 a ton. It marked up long ternes \$6 a ton; independents boosted them \$10. Enameled sheets were boosted \$7 a ton by the corporation, \$8 by its competitors.

In semifinished steels, prices were also posted at different levels. U. S. Steel was \$5 under on blooms, billets, and slabs for rerolling. It was \$3 below on forging quality blooms, billets, and slabs.

• **Speculation**—Both buyers and sellers have speculated whether two prices for the same product could be maintained. Some trade observers believe competition will require prices of all producers to reach the same level.

Existence of "dual pricing" was ignored by FTC. It claims producers act collectively and collusively in pricing their goods. The agency said there is evidence of this kind of price action in the July increase. The com-

plaint stated that the steel companies collectively supported that move through the American Iron & Steel Institute, one of the respondents.

• **Broad Program**—The charge made by FTC against the steel companies is part of a program to stamp out the basing-point method in all industries.

Currently, the government is seeking to overthrow a Circuit Court of Appeals decision (BW—Sep. 2'46,p1) which vacated an order against Portland cement companies.

• **1924 Order Pends**—Still dragging in the courts is the order issued by FTC in 1924 against U. S. Steel for pricing its products by the "Pittsburgh plus" system.

Following that order, the multiple basing-point pricing system was introduced. Steel is priced from the nearest basing point under this method. It has been extended until nearly a hundred basing points have been specified.

When Congress amended the federal trade law in 1938, U. S. Steel filed a petition for revision of the 1924 order. That petition is still in litigation.

• **"Same Accusation"**—The latest attack by FTC on the basing-point method of marketing steel products, according to Irving S. Olds, board chairman of U. S. Steel, "is essentially the same accusation of collusive price action as has been made by the commission in earlier years."

A uniform f.o.b. mill price system favored by FTC, he said, would lead to local steel monopolies and high assembly and steel production costs.

• **In Rubber**—The government's timing seemed as bad in the rubber case as in the steel action. The Justice Dept. accused the defendants, in a criminal complaint, of having conspired since 1935 to fix prices of auto tires and tubes uniformly.

Officials of the rubber companies promptly and tartly answered that they would fight the case to a finish. They were particularly irked because the industry had just been through a price-cutting episode (BW—Jun. 20'47,p2) popular tires had dropped to prewar levels. E. J. Thomas, president of Goodyear Tire & Rubber Co., put it this way: "I thought this was the kind of performance the government wished to encourage."

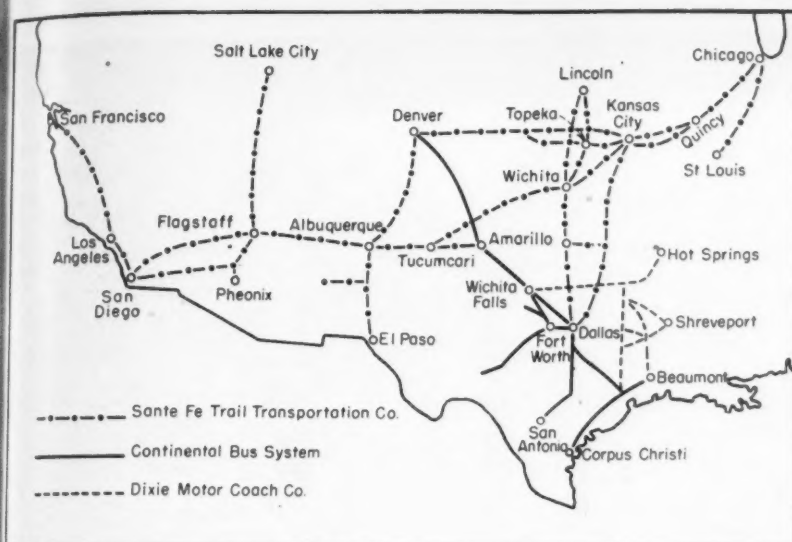
• **In Technicolor**—A civil antitrust action was filed in the third case this week—charging that Technicolor, Inc. and Technicolor Motion Picture Corp. conspired with Eastman Kodak Co. to restrain and monopolize the business of professional color cinematography.

Thomas J. Hargrave, president of Eastman, said that in his view, there is nothing in any existing agreement or arrangement with his company by which Technicolor could control or monopolize the field.



## BUSINESS LESSONS FROM A TOY TOWN

Small enough to fit on a table top, the "town of Jonesville" is doing a big education job for Bell Telephone Co. of Pennsylvania. The miniature village is the nucleus of a six-hour course in economics for 30,000 Bell employees. Object: to show how their work fits into the life of the community. Students set up a telephone company in Jonesville. They sell stocks, get subscribers, string up the wires, run the operation. The course is fathered by R. S. Tannehill, Bell secretary and treasurer.



LINK-UP of three noncompeting bus lines in the Midwest and Southwest has been proposed.

## New Bus Network

**Proposed merger of three companies would create 22,000-mi. system. Application to ICC meets opposition.**

Formation of a major bus network to operate in the Midwest and Southwest is now before the Interstate Commerce Commission for approval or disapproval. Continental Bus System, Inc., Dixie Motor Coach Corp., and Santa Fe Trail Transportation Co. have filed application with the commission for permission to merge.

Hearings have already been held by ICC in Dallas; they will be resumed in Washington, D. C., next month. If the commission approves the merger, the new company, Transcontinental Bus System, Inc., will operate some 22,000 mi. of routes. They run from Chicago down to Texas and across to California (map). Greyhound Corp. and its subsidiaries, the country's largest bus network, operate in the neighborhood of 80,000 route miles.

**• The Three Companies**—All three of the bus lines involved in the proposed merger have been profitable properties. This was particularly true during the war years; while executives of the company admit that future prospects don't have quite the wartime glitter, they feel they are on the bright side.

The Santa Fe operation is the largest of the three, covering about 12,000 route miles. It is now operated as a wholly owned subsidiary of the Santa Fe R.R.

**• Don't Overlap**—The merger would not eliminate any competition; the routes of the three companies do not

overlap. Close to 100 other bus companies, large and small, are currently doing business in portions of the same territory.

Among the reasons for the merger advanced at the Dallas hearings: more efficient operation by standardization of operating, maintenance, traffic, and accounting procedures; better coordination of schedules; extension of through services.

**• Opposed**—Only one avowed challenger to the merger plan appeared at the Dallas hearings. The dissident was American Buslines, Inc. American argued that the consolidation would result in duplications of service with its own lines at many points; also that the Santa Fe R.R. would be in a position to dominate, if not control, the merged system.

The Greyhound subsidiary most directly affected by the proposed merger—Southwestern Greyhound Lines, Inc.—sent an observer to the hearings. But the line so far has taken no official position for or against the merger.

## LIMA TO BUILD DIESELS

Lima Locomotive Works, Inc., of Lima, Ohio, last of the old-line steam locomotive builders, is preparing to go diesel.

The transition will be made through a merger with General Machinery Corp., Hamilton, Ohio. Stockholders of the companies will vote Oct. 1 on the merger plan, already approved by directors of both. The combined company will be known as Lima-Hamilton Corp.

General Machinery is a builder of diesel engines, large presses for the auto industry, railroad and industrial machine tools, can-making machinery, and sugar mills. Besides steam loco-

motives, Lima builds power shovels, cranes, draglines, and related equipment.

Manufacture of diesel-powered locomotives will be one of the first projects undertaken after the merger is approved by stockholders.

Under the proposed plan, the new company will issue 5½ shares of new \$5-par capital stock for each of Lima's present 211,057 shares. This will give Lima stockholders 1,134,431 shares. An additional 805,952 shares of the new stock will be distributed to General Machinery's stockholders on a share-for-share basis. General Machinery then will be dissolved.

## FONTANA LOAN STANDS

As expected, the Reconstruction Finance Corp. has turned down Henry Kaiser's plea that it scale down his debt on the Fontana (Calif.) steel-mill (BW—May 31 '47, p. 20).

RFC officials feel that, as custodians of public funds, they have no right to waive what appears to be a collectible debt. So they won't cut the amount Kaiser owes them a penny beyond the slight adjustment they granted him about two years ago.

There's still one chance that Kaiser may win his point—but it's very faint. The Western States Council—a federation of western chambers of commerce—wants a maximum of low-priced steel produced in the West. It will carry Kaiser's case to Congress next year; will probably make a strong fight for it.

But Kaiser is tagged as a New Dealer by most Republicans. So he's not likely to get a sympathetic hearing from the G.O.P. majority.

## EXPANSION FROM OHIO

Out of Cincinnati has come word of two business deals:

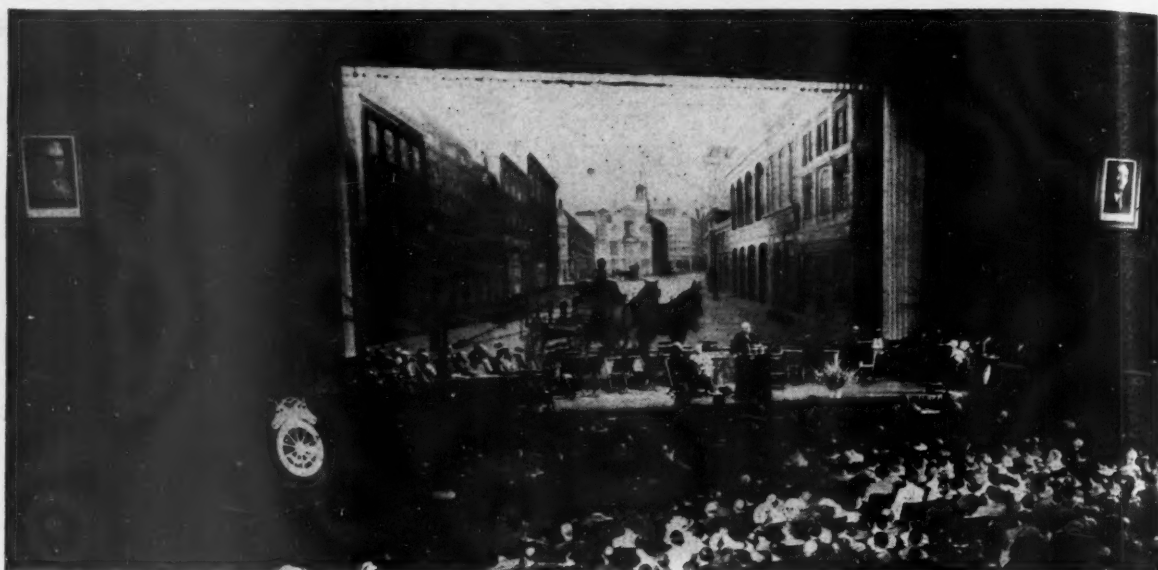
**• Sperti, Inc.**, health lamp and electrical appliance maker, has bought the \$1-million Faraday Electric Corp., Adrian, Mich.

**• The expanding Schott brothers** (BW—Sep. 15 '45, p. 66) have bought Benedict Mfg. Co., Syracuse, N. Y., for approximately \$1-million.

The Sperti deal follows by only a few days Sperti's acquisition of McKay-Davis, Inc., Toledo pharmaceutical manufacturer. Faraday products include automatic signaling systems, call systems, and electrical appliances. Boston operations of Faraday will be moved to Adrian and Cincinnati.

The Schott brothers' move puts them into a new field. Their holdings are largely in heavy goods firms, such as Cleveland Pneumatic Tool, U.S. Air Compressor Corp. Benedict produces silver-plated hollow-ware and flatware.





CONVENTION DELEGATES of A.F.L. teamsters, meeting in San Francisco, hear their president, Daniel J. Tobin.

## Teamsters Warned to Respect Taft Law Penalties

Union leaders still find in their hearts no love for the Taft-Hartley law (page 67)—but respect for its punitive power is taking the place of the contempt with which they greeted its enactment.

A.F.L. teamsters, meeting last week in San Francisco, heard the cautious approach advocated by their president, Daniel J. Tobin. They heard similar advice from Joseph Padway who, as general counsel of the American Federation of Labor, will direct the A.F.L.'s legal fight against the new measure.

• **Warning**—Padway, who presided over a concurrent meeting of re-

gional teamster lawyers, described the law as the distillation of all the poison of 117 labor-regulation bills considered at the recent session of Congress. But he reminded the 2,000 convention delegates that their leaders can be jailed and their \$17-million treasury depleted by fines if members violate the act.

The union lawyer promised to pelt the courts with Taft-Hartley litigation. And he urged a peaceful, nationwide work stoppage next election day to spur unionists to vote against congressmen who favored the measure.

The delegates, representing 900,-

000 members of the International Brotherhood of Teamsters, agreed that some intensification of political activity was advisable. But they left the pattern to their officers.

• **Niche for Beck?**—Tobin, now 72 and rounding out his 40th year as president, accepted reelection with the other officers. Over some opposition from the floor, he won the right to appoint an executive vice-president. Despite Tobin's denials, most of the delegates assumed that he was dusting out a niche for Dave Beck of Seattle, the union's western vice-president and heir-apparent to the Tobin throne.

## Accent on War

Transfer of research on atom-powered planes from Army to AEC highlights commission's concentration on military uses.

The Atomic Energy Commission is scheduled to take over one of the last atomic programs still in military hands. • **Aviation Research**—Program to be transferred is NEPA (Nuclear Energy for Propulsion of Aircraft)—a research project carried on by the Air Forces to develop an atomic-powered plane.

Fairchild Engine & Airplane Corp. is the organizer and prime contractor; several other aircraft and engine firms

are subcontractors (BW—Mar.29'47, p22). Now about a year old NEPA has been pretty much a stepchild.

This month the top-level Army-Navy Joint Research & Development Board reviewed preliminary NEPA results, approved them, gave a definite go-ahead for engineering plans.

• **Transfer**—At the same time, JRDB recommended that the Fairchild contract be taken over by AEC, to be knit into the priorities on manpower and material governing the atomic program.

Air Force generals are furious. But they're keeping the peace, seeing little hope of bucking the JRDB directive. They're concentrating, instead, on keeping a voice in administration of the contract.

• **Concentration**—Transfer of NEPA will still further increase AEC's con-

centration on military applications of atomic fission.

Weapon development already accounts for something like 90% of commission activity. Projects for peaceful utilization of nuclear energy are being pushed into the background.

This trend is, in part, a reflection of international strains. But partly, too, many people close to the commission insist, it reflects the impulse of the commission to prove it can be more military than the military.

• **Friendless**—One effect of AEC's present emphasis is that it has hardly a friend in Washington.

Many of the commission's one-time friends are turning against it. They say the civilian AEC is developing the same narrow weapon-mindedness they feared from military control.





## What!—No Vacation?

**It's still not too late—and Ryerson will redouble efforts to furnish steel while you are away**

Sure we know how hard it is for a steel buyer to get away under present conditions. Your job is a tough one today. Still a little time off and a change of environment will work wonders.

You have plenty to do—and much to worry about. But there's also a long range view. You'll come back from your holiday with a new outlook and new energy to wrestle the problems of steel procurement. And, with the cooperation of your nearby Ryerson Plant, you can leave knowing your

company will get the best possible service on steel from stock.

Not that we shall *always* be able to supply all the products you need—whether you go or stay. Many sizes are frequently out of stock. But Ryerson ingenuity and know-how are never on vacation. We'll redouble our efforts to meet your requirements while you are gone.

So why not try to get away for a grand, long-earned vacation.

Joseph T. Ryerson & Son, Inc. Plants at: New York, Boston, Philadelphia, Detroit, Cincinnati, Cleveland, Pittsburgh, Buffalo, Chicago, Milwaukee, St. Louis, Los Angeles.

# RYERSON STEEL



MAKING FLYING SAFER

## BROWN AMBULANCE SERVICE installs IRVIN Chair Chutes

● To provide a full measure of protection for doctors, nurses, patients and other personnel, the Brown Ambulance Service of Birmingham, Alabama has equipped its Beechcraft Transport with Irvin Custom-Built Chair Chutes. The decision to equip planes with this new type of air chute, just as all ocean-going ships are equipped with life preservers, is being made by more and more companies and individuals every day

... because the Irvin Custom-Built Chair Chute is a practical form of protection that makes flying many times safer. Irvin Custom-Built Chair Chutes are available for every type of plane... large or small. They cost little... are easily and quickly installed. For greater flying safety today, write for particulars about Irvin Custom-Built Chair Chutes for the plane you own or plan to buy.

*There are now over 35,000 registered members of the Caterpillar Club.  
Should you qualify, please write us.*

● Illustration shows Irvin Custom-Built Chair Chutes installed in an Ercoupe. Chair Chutes are fitted into the back of the seat... combine beauty, convenience and comfort with tested safety. You wear the chute only in an emergency. Write for descriptive circular now.

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BE SAFER...  
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Custom-Built  
Chair Chutes**



**IRVING AIR CHUTE CO., INC.**  
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*Pacific Coast Branch: 1500 Flower St., Glendale 1, Calif.*



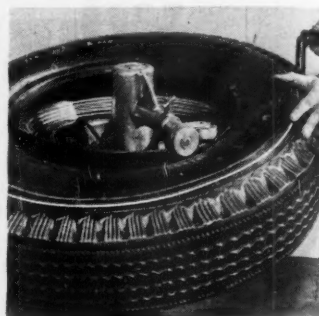
### CHANGING MADE EASY

And now the answer to a garageman's dream—a 30-second tire changer that you just crank.

The machine takes any drop-centered wheel up to 18-in., secures it in an expandable chuck. A tapered rod with a rolling tip is thrust under the head, the rod pulled back and fitted into a shaft (above). A turn of the crank revolves the shaft and the rod which forces the head off the rim.

For remounting, an arm with two rollers (below) replaces the rod. The horizontal roller pushes the bead over the rim lip, the other tucks it inside.

The maker, Mercury Mfg. & Equipment Co., Pasadena, Calif., reports that the unit is slated to hit the market in 60 days, will cost \$197.50, f.o.b. Los Angeles.



### RAILROADS ASK RELIEF

Thirty railroads have petitioned the Interstate Commerce Commission to modify its order that all roads must put automatic signal equipment on lines where fast trains run (BW-Jul. 5'47, p16).

The commission will review the roads' arguments at one or more hearings late in the fall.

Among the petitioners are the Chesapeake & Ohio; New Haven; Burlington; Seaboard; Southern Pacific; Great Northern; Santa Fe; Chicago & North Western; and Union Pacific.



From Cresle Belle to Career Girl...



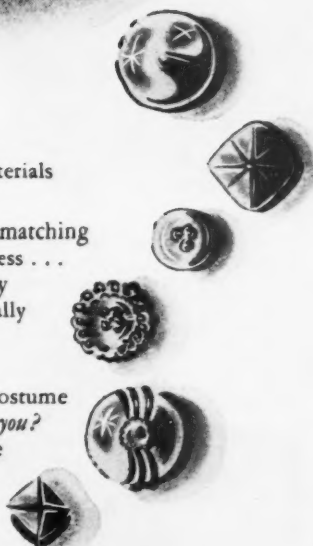
SHE ALWAYS BUYS

MODERN **Brass** BUTTONS

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This year, designers show exceptional inventiveness in Brass buttons... with matching earrings and buckles. And Brass lends itself exceptionally well to such inventiveness... with its wide range of colors from alloy to alloy... with its remarkable adaptability to intricate shapes and delicate decoration. In fact, designers and fabricators usually find that they can produce a merchandising success more easily and economically in Brass than in any other metal.

And Bristol Brass has lent an experienced hand to many such successes... in costume jewelry, cosmetic containers, decorator's items, household fixtures, and what have you? You would be interested in the merchandising magic which invests products made of top-quality Brass, sheet, rod, or wire... the *only* kind that's made here in the Bristol mills. And we will match our time to yours, *any time you say*.



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# Man Discovers Electronics!



Man has made three important discoveries because he was too busy.

**FIRST**—ages ago—he found he could save time by dictating to a shorthand stenographer.



**SECOND**—he later found that he could save even more time by dictating to a machine. He discovered the acoustic dictating machines which Dictaphone Corporation pioneered and perfected.



**THIRD**—man has discovered Electronic Dictation—again pioneered by Dictaphone Corporation. By dictating to a microphone instead of into a speaking tube, he has moved into the electronic age. He merely thinks out loud—and his every word is instantly, accurately recorded.

Dictaphone Dictation has provable advantages

**YOU** just press a button and talk. Your Electronic Dictaphone machine gets every word—even a whisper. Gives you better recording! Better reproduction! Electronic ease!

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Model AE, with either hand or desk microphone.

The word **DICTAPHONE** is the registered trade-mark of Dictaphone Corporation, makers of Electronic dictating machines and other sound-recording and reproducing equipment bearing said trade-mark.

## DICTAPHONE

### Electronic Dictation

## AVIATION

### Help at Hand

Martin delivers a 2-0-2 Convair Liner is coming soon. Bigger, faster planes will help boost sagging airline profits.

The first approved postwar turbine engine transport was turned over to a U. S. airline last week. And the delivery brought promise of relief to all the domestic air carriers that are struggling with financial troubles (BW—Jul. 12, p76).

• **Martin 2-0-2**—The lucky carrier was Northwest Airlines. The plane was Glenn L. Martin's 2-0-2, just licensed for commercial use by the Civil Aeronautics Authority. It carries 40 passengers, cruises at 260 m.p.h. It is estimated that the plane will be able to show a profit on a load factor as low as 65%.

This is in sharp contrast to the Douglas DC-3. This "workhorse of the airlines" carries only 21 passengers, cruises at only 150 m.p.h. Before the war that was enough for profitable operation. But over-all airline costs have shot up so sharply that postwar DC-3 operations need a 90% load factor just to break even.

• **Delivery Schedule**—Martin got its CAA license last week after completing a 17,000-mi. accelerated-service test. Northwest is scheduled to get two more 2-0-2's in August and seven in September. Next 10 off the line will go to Linea Aerea Nacional of Chile.

Other U. S. Lines have placed orders for more than 300 of the Martin planes. Some of these orders are for a cargo version scheduled to go into production early next year.

• **Convair Liner**—Martin will not have the field to itself. Consolidated-Vultee's Convair Liner (formerly called the 240) is now undergoing CAA flight tests, preliminary to licensing. It, too, is a 40-passenger job; cruises at 300 m.p.h.

Deliveries are scheduled to begin in the fall. Western and American Airlines will get top priority on the 161 orders already in Convair's pocket.

Douglas is circulating airlines with proposals for a DC-9 model to supplant the DC-3, but Martin and Convair have a big head start in capturing the old DC-3 market (BW—Aug. 16, p51).

• **Prop**—Viewing the export market as the possible difference between profit and loss on the transport ventures, both Martin and Convair are encouraged by the number of foreign orders trickling in.



**D**oes more

*work—with less effort!*



**LOAD:** At Detroit, a Slick C-46 takes on 60 Briggs bathtubs, 40 lavatories.

## Air Freight Boost

Several all-cargo lines become common carriers with CAB's blessing. Rates are lower than the regular airlines.

World War II veterans who built new airlines around passenger business are rapidly fading from the picture. But some of the ex-G.I.'s who converted surplus military planes into air-freighters have clinched an important place in the industry.

**Failures**—The bankruptcy rate among all veteran-operated airlines has been terrific during the two years since V-J Day. It is estimated that financial failure has cut the postwar fleet of nonscheduled commercial planes from 8,000 to 2,000.

**Noncertificated passenger-carrying operators**—even in 1946, their best year—failed to take a large bite out of the total volume of passengers flown. Last year they flew less than 5% of all revenue passenger miles. This year, hampered by increasingly severe government regulation, their share will be considerably less.

**Good Records**—Noncertificated all-cargo lines, on the other hand, are very much alive. In fact, they deserve a large part of the credit for the development of air freight to its present important position.

Air freight bulked so small up to the end of the war that the Civil Aeronautics Board kept no separate figures on its volume. Instead, until July, 1945, CAB lumped it together with high-cost air express. And in the last half of '45, the entire certificated air-transport industry flew only 1.4-million ton-miles of freight.

Then vets got started. In 1946, Commerce Dept. reported, noncertificated



**WORLD'S FASTEST.** The Clary operates at 188 cycles per minute—as much as 48 per cent faster than other adding machines. It does this quietly, without effort, because of its new electromotive design. It prints by fast rotary motion—something new in adding machines. This departure from the outmoded reciprocating principle is the reason why the Clary is the World's fastest—why the Clary does more work with less effort.

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**THUMB ADD-BAR.** It's an extra add-bar at the base of the keyboard. Lets the thumb do the adding—the strongest member of the hand. Used simultaneously with one or more numeral keys—eliminates one operation.

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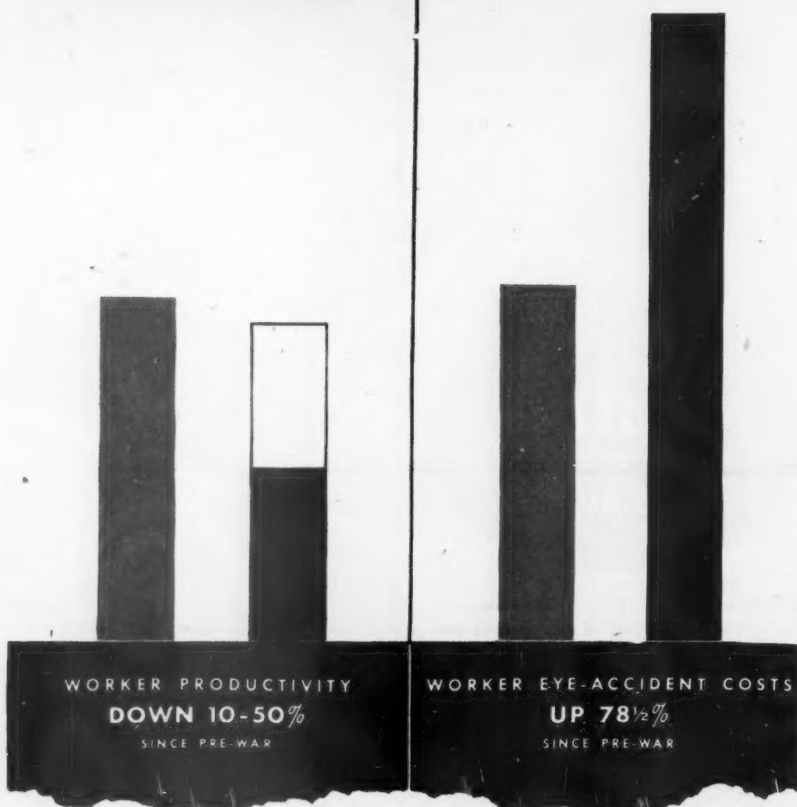
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...and one can be corrected Immediately



Worker efficiency can be restored to pre-war levels—but it may take many months—even years. Eye accidents can be reduced 98% in a matter of *hours*.

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Such a program pays for itself again and again. Goggles cost about \$1.50—eye accidents any amount from \$15 to four figures. Your nearest AO Safety Representative can supply complete details.



Safety  
Division

American Optical



SOUTHBRIDGE, MASSACHUSETTS • BRANCHES IN PRINCIPAL CITIES

cargo carriers hauled some 47-million ton-miles of freight; the scheduled airlines only 20-million.

Many of the independents have been forced out of business, of course, as rate wars and other financial problems snapped their shoestrings. But the better-organized companies have survived, and are stronger than ever.

• **Certification**—This month five of the largest noncertificated cargo carriers, together with several smaller companies, shifted from contract to common-carrier operations.

As contract carriers they were free of economic regulation by CAB. But they could offer their services to only a limited number of customers. As common carriers, they are permitted to do business with all comers and advertise their schedules and rates to the general public.

• **Low Rates**—With the common-carrier privileges came the obligation to file rate tariffs, and the all-cargo operators have proceeded to undercut the regular airlines' charges sharply. Slick Airways, California Eastern Airways, and the Flying Tiger Line have published freight rates as low as 12¢ a ton-mile.

Nineteen of the airlines are now operating under a uniform freight tariff which went into effect Aug. 1 (BW—Jul. 19'47, p26). The new rates are 25% lower than the old. But even so, their lowest charge is 14¢ a ton-mile.

• **New Equipment**—When it shifted to common carrier status, Slick Airways, largest freight carrier in the U. S. (BW—Nov. 16'46, p42), announced purchase of five more twin-engine Curtiss Commando C-46 planes which it will convert for cargo service. The company's fleet now totals 15 C-46s. In July, its last month of operation as a contract carrier, Slick flew 1,548,000 ton-miles.

United Air Lines, largest freight hauler among the airlines, during the same month flew only 687,000 ton-miles.

• **Forwarders' Beef**—There's another group of independents in the industry that isn't doing so well. The air-freight forwarders are mostly small, veteran-staffed operations. They consider themselves indirect carriers; have petitioned CAB for common-carrier privileges similar to those granted the cargo lines. The all-cargo lines support the plea, since the forwarders' salesmen dig up considerable business. But the scheduled airlines are opposed.

The forwarders are particularly upset by the new airline freight tariff. In it, the airlines named the same rate for 100-lb. shipments as for 15,999 lb. This deprives the forwarders of a major source of revenue—a reduced rate for consolidation of less-than-paneload shipments into paneload lots.

As a result of the protest, CAB is investigating the airlines' tariff to find out if it is discriminatory.



# WHO CAN WE AFFORD TO HAVE MISS THE SHOW?



That's a "tough" question. There may be key men in some of your departments who have never attended a Machine Tool Show—who don't realize the importance, to your company, of complete coverage of The World's Greatest Metalworking Show. They may be the very ones whose attendance would benefit your company most.

Over 250 leading builders will display over a thousand new machine tools, forging machines and other metalworking machinery and equipment. All sizes and types will be shown in full operation. And, in addition, papers will be presented by world-renowned authorities, covering new developments in metalworking techniques and processes.

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# MACHINE TOOL SHOW

SEPT. 17-26

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—but an extremely useful tool made  
of long lasting 18-8 STAINLESS STEEL

This pocket Slide Caliper has many additional useful features not found in the traditional article. Easy reading etched on calibrations in both inches and metric system—a standard  $3\frac{1}{2}$  inch rule in 64ths inch—a table of Decimal Equivalents on the reverse side, where the advertisement of your firm may also be etched. A genuine leather case and mailing box for each. Priced under \$2.00 in moderate quantities. Quick delivery.

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Priced within reach of every budget, this handy, electric saw is tops for all-around use on your construction jobs, your farm, in your factory, and your home basement shop. It cross-cuts and rips rough or dressed lumber up to 2 inches thick... can be equipped to cut light gauge metals... operates from any regular electrical outlet. Write for Complete Catalog.

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## Plane Designers Predict Less Development Work

The recent Los Angeles meeting of the Institute of the Aeronautical Sciences produced news of considerable interest to a number of industries besides plane manufacturers. The meeting was told:

- From now on aircraft development will be at approximately the same rate as before the war.
- There is already apparent a marked reduction in engineering and development work because of reduced expenditures by people buying planes.
- The small-payload aircraft is still the most efficient in work done per unit of cost. It will remain so until larger aircraft can fly faster.

To men in various businesses, these opinions expressed by aircraft designers could mean different things.

To rail and truck operators: When the impact on competition of the new huge cargo and passenger aircraft (Boeing Stratocruiser, Douglas DC-4, Lockheed Constitution) is met, it will be some time before the aircraft industry produces a greater competitive threat.

To petroleum refiners: Slowing of experimental and development work means that reciprocating engines burning aviation gasoline will continue to be the workhorses of the aircraft industry. Turbine engines will not supplant them for some time.

To airline operators: Present equipment will not be made obsolescent before it is worn out. Basic operating plans need change only slowly. Landing facilities, once brought up to the needs of aircraft largely developed in wartime, will not require radical change.

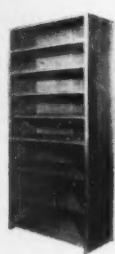
### AIR-SEA SERVICE

Northwest Airline and American President Lines this week announced a plan for joint air-sea service between any points on either of their routes. Northwest's routes extend from New York via Minneapolis and Seattle to Japan, China, and the Philippines. A.P.L.'s steamship lanes touch ports all over the world.

Any office or agent of either company will sell tickets via any combination of air and sea routings. Between points that are served by both lines, tickets will be valid for either. An air passenger's excess baggage can be sent on ahead by ship; cost will be far less than airline excess-weight charges.

Tariffs covering joint air-sea operations will be filed with both the Maritime Commission and the Civil Aeronautics Board.

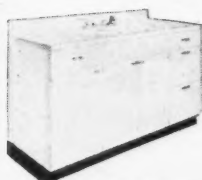
YOU FURNISH THE STEEL  
**LYON**  
 WILL MAKE THE PRODUCT



Adjustable Shelving



Lockers



Kitchen Cabinets



Benches

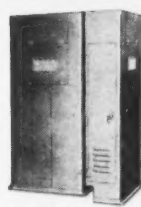


Filing Cabinets



Gravity Conveyors

STANDARD LYON PRODUCTS



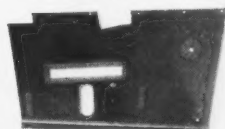
Electrical Control Units



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CONTRACT PRODUCTION OF SHEET STEEL ITEMS  
 (Gauges from 8 to 30)

Here's how you can speed up plant expansion, boost production, or turn surplus steel inventory into cash.

(1) If you can supply us with 12 to 24 gauge sheet steel, we will supply you pound for pound with any selection of Lyon standard products now in production.

(2) We will manufacture to your specifications, in Lyon Production run quantities, assemblies, sub-assemblies, or parts in gauges No. 8 and lighter up to No. 30.

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 General Offices: 810 Monroe Avenue, Aurora, Illinois  
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**A PARTIAL LIST OF LYON PRODUCTS**

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|------------------------|---------------------|-------------------|--------------------|-----------------|---------------|---------------------|
| • Shelving             | • Kitchen Cabinets  | • Filing Cabinets | • Storage Cabinets | • Conveyors     | • Tool Stands | • Flat Drawer Files |
| • Lockers              | • Display Equipment | • Cabinet Benches | • Bench Drawers    | • Service Carts | • Tool Trays  | • Tool Boxes        |
| • Wood Working Benches | • Hanging Cabinets  | • Folding Chairs  | • Work Benches     | • Bar Racks     | • Desks       | • Sorting Files     |
| • Economy Locker Racks | • Welding Benches   | • Drawing Tables  | • Drawer Units     | • Bin Units     | • Stools      | • Ironing Tables    |



(THE MARKETS—PAGE 90)



## BUSINESS WEEK • Aug. 23, 1993

## ASSEMBLY COSTS on your mind?

### DESIGN FOR A

### BONUS IN LIGHTNESS!

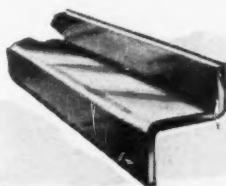
Many American Magnesium products not only simplify assembly, but give your product a bonus in lightness besides! For American Magnesium is 35% lighter than aluminum, 75% lighter than steel!

You should know these semi-fabricated forms of American Magnesium, and the ease with which they can be applied to your design problems. And you should take full advantage of the 59 years of light-metal know-how of Aluminum Company of America, that stands ready to help.

At the right, are indicated the forms of American Magnesium that can simplify assembly problems in your plant. To answer the questions of their application, call your nearest Alcoa sales office, or write ALUMINUM COMPANY OF AMERICA, sales agent for American Magnesium products, 1711 Gulf Building, Pittsburgh 19, Pennsylvania.



ASSEMBLY OF stamped or cast parts may be simplified by an American Magnesium Permanent-Mold Casting. A single, high-speed cut brings it to desired finish and dimensions.



BUILDING UP of complex assemblies can be avoided with the use of American Magnesium Extrusions. Made to desired profiles. Die cost is low.

MAGNESIUM **MAZLO** PRODUCTS  
REG. U.S. PAT. OFF.

**AMERICAN  
MAGNESIUM  
CORPORATION**

#### DO YOU HAVE "DESIGNING WITH MAGNESIUM?"

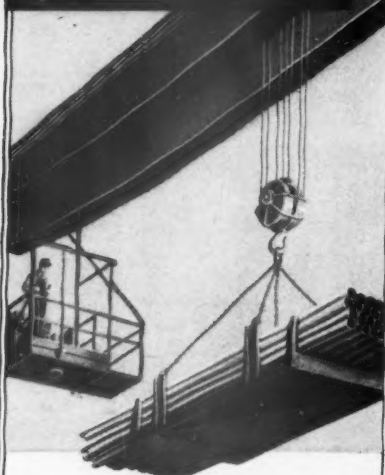
This book belongs on the desk of every up-to-date designer. Full details of how to specify; choice of fabrication; physical, chemical, and thermal properties; shop practices; how to design. Sent free on request.



**SUBSIDIARY OF ALUMINUM COMPANY OF AMERICA**

**A COMPANY  
IS JUDGED**

*by the Customers  
it KEEPS*



For nearly fifty years, America's leading manufacturers in many fields of industry have relied on Northern Overhead Traveling Cranes for dependable material handling service. Today, repeat orders from old customers constitute a large percentage of our business.

Our engineers are constantly improving the construction and operating characteristics of Northern Cranes. Higher operating speeds, better control, higher efficiency, are some of the developments offered in the new Northern Cranes—developments which have helped us keep customers through the years.

These companies are among the large users of **Northern Cranes:**

Aluminum Company of America  
General Electric Company  
Westinghouse Electric Corporation  
Johns-Manville Company  
United States Gypsum Company  
General Motors Corporation  
Detroit Edison Company  
Gulf Refining Company  
E. I. du Pont de Nemours & Co., Inc.  
R. C. Mahon Company  
Chrysler Corporation  
National Carbide Corporation  
Mueller Brass Company  
Ex-Cell-O Corporation  
Write for literature describing  
Northern Cranes.

**NORTHERN  
ENGINEERING WORKS**

2607 ATWATER ST., DETROIT 7, MICH.  
Offices in Principal Cities

## Cities Squeezed

New York's situation is typical: Sewage problem acute; solution requires larger expense; that will mean more taxes.

New York City has some new financial trouble on its hands. Its dilemma typifies the postwar headaches of U. S. local governments (BW—Feb. 15 '47, p68), caught in a squeeze play between higher costs and the pressing need for new facilities.

This time it's the pollution of the waters around the metropolitan area. The Interstate Sanitation Commission, an independent authority set up under a three-way agreement of the New York, New Jersey, and Connecticut governments, has long been irked by the condition. It has already slapped injunctions on three New Jersey municipalities for polluting the Hudson River. Now the commission is putting the finger on New York—which spews out about a billion gallons of sewage a day.

• **More Disposal Plants**—To take care of the problem, the city may have to spend an estimated \$200-million. This would add another 10 disposal plants to the seven present ones, which can handle only 40% of the city's sewage.

To raise the needed funds, city officials are thinking of borrowing new money and of hiking municipal water rates.

• **Needs and Means**—At the same time, the city fathers are scratching for other ways to get still more badly needed revenue (BW—Apr. 12 '47, p80). They would like the New York State government to:

(1) Hoist the amount that the city may borrow beyond the current constitutional limit.

(2) Raise the lid on the amount the city can raise from real estate taxes for current expenses.

The administration must first get these proposals approved by both the state legislature and city voters—a big if. Once that has been done, the municipality's basic real estate rate will go well above the current \$2.89 per \$1,000.

• **Nationwide Problem**—Elsewhere in the U. S. the trend toward higher taxes goes on unabated. The Council of State Governments has boiled down the 1947 doings of the state legislatures. It finds that:

- Six states passed new cigarette tax laws; eight increased the old levies.
- Eight states increased liquor, wine, or beer taxes.
- Four more states acquired sales taxes; two others may do so. Present tally: 27 states. Revenue from this



## HAS VACATION PLAN

"Having wonderful time," stock holiday comment, is easier to say if you don't have to worry about paying for it. So Honey Hansen (above), Seattle travel agent, sells complete vacations in monthly instalments, paid up before you start.

Started primarily to help working girls, who have to stint in order to splurge, the plan is attracting businessmen as well. One of Miss Hansen's biggest orders so far is from an airline pilot. He's going around the world in 1951.

source last year: more than \$1-billion.

• Eight states hiked their gasoline taxes.

And along with this goes a long list of increased or new taxes on personal investments, corporate profits, horse racing, and the like.

## NEW J. & L. FINANCING

Evidently wary of the sticky new issues market (BW—Aug. 2 '47, p57), many companies are handling their financing without public security issues.

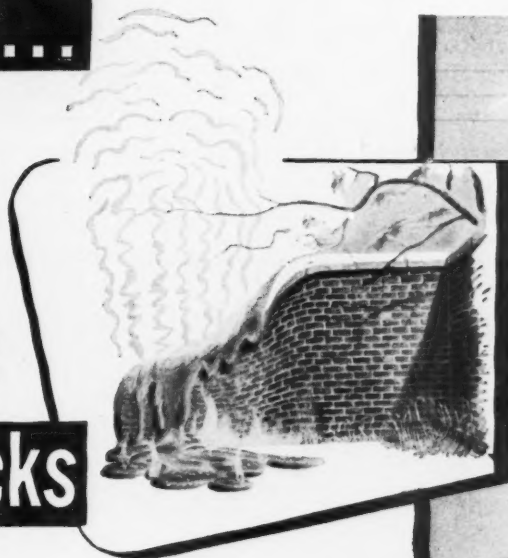
Latest such case is Jones & Laughlin Steel Corp.'s new issue, which is being underwritten by the First Boston Corp. According to present plans, First Boston will not make a public offering of the new J. & L. securities, which will be issued within the next 30 days.

So far neither J. & L. nor First Boston has released an official figure on the size or type of the financing. Early rumors put it anywhere from \$85-million to \$125-million, but current guesses



modernization makes sense . . . DOLLARS, too

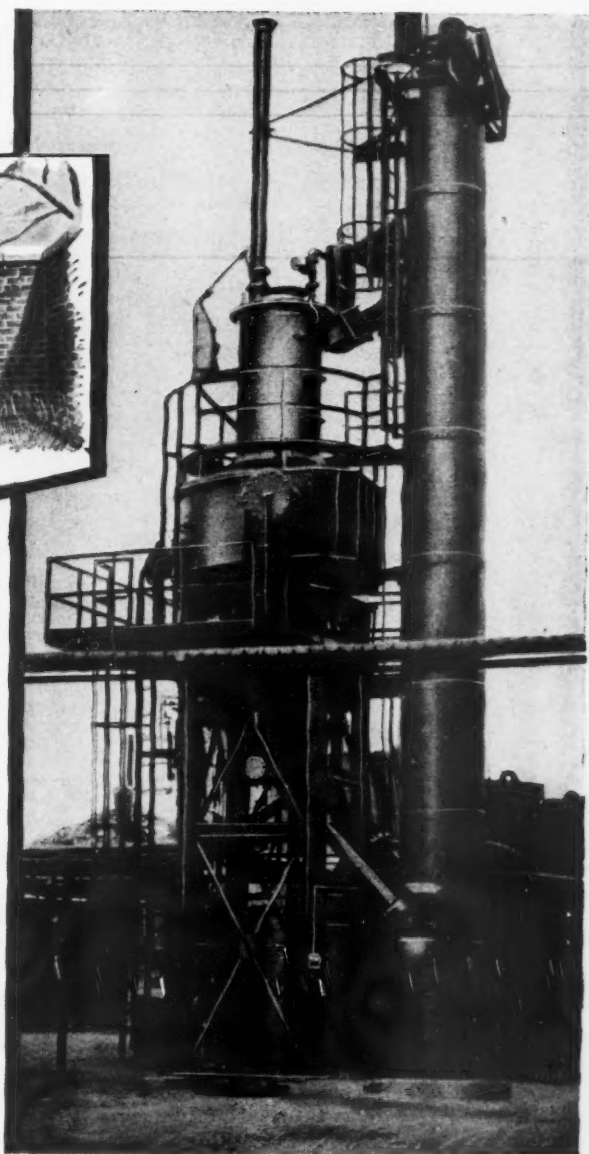
**Air...**  
**hot**  
**enough**  
**to melt**  
**bricks**



Ever see a brick melt in air—melt like a block of butter in a warm room? Probably not. For air around the ordinary brick building just doesn't get that hot . . . over 2000° F.

Yet raising the temperature of air until it's hot enough to melt a brick—and a lot hotter—is now possible with the Pebble Heat Exchanger developed by B&W. It heats gases far above the temperature limits of metallic heat exchangers . . . opens new vistas in economical processing of chemicals, ceramics, metals, and other industrial products at high temperatures.

Development of the Pebble Heat Exchanger is another manifestation of B&W ingenuity and resourceful engineering . . . another indication that B&W persistently pursues the habit of having new ideas . . . for modernization that makes sense and dollars, too—for *all* industries.



## **BABCOCK & WILCOX**

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GENERAL OFFICES: 85 LIBERTY ST., NEW YORK 6, N. Y.  
WORKS: ALLIANCE AND BARBERTON, O.; AUGUSTA, GA.

THE BABCOCK & WILCOX TUBE CO.

GENERAL OFFICES: BEAVER FALLS, PA.  
PLANTS: BEAVER FALLS, PA. AND ALLIANCE, OHIO

N-35

Water-Tube Boilers, for Stationary Power Plants, for Marine Service . . .  
Water-Cooled Furnaces . . . Superheaters . . . Economizers . . . Air Heaters . . .  
Pulverized-Coal Equipment . . . Chain-Grate Stokers . . . Oil, Gas and Multifuel  
Burners . . . Seamless and Welded Tubes and Pipe for All Pressure and  
Mechanical Applications . . . Refractories . . . Process Equipment.

## McKinsey, Kearney & Company

Management Consultants

announce the change of the firm name

to

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The firm organization and personnel will remain as before.  
It will continue to offer consulting services to management:

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Accounting and Budget Controls	Executive Compensation
Sales and Marketing	Organization Studies
Personnel	Industrial Engineering
Industrial Relations	Financial Reports
Wage Incentives	Economic Studies

*Established in 1926 as James O. McKinsey & Company*

## SUGGESTION TO MANAGEMENT: He's a good source of Cost-Reducing Ideas

We're referring to your head electrical man--and here's why: Surveys show that 3 out of 4 plants are sharing a common and costly weakness ... inefficient electrical distribution and control systems. They have become overloaded or improperly applied in relation to present needs. They are blocking efficient, economical production.

That's why we suggest that you check with your head electrical man. If he finds weaknesses, a Square D Field Engineer will be glad to work with him in analyzing any electrical problem and selecting corrective power distribution and electric motor control equipment.

Field Engineering Service is available, without obligation, through Square D offices in principal U. S., Canadian and Mexican cities.



### SQUARE D COMPANY

DETROIT MILWAUKEE LOS ANGELES

SQUARE D CANADA, LTD., TORONTO, ONTARIO • SQUARE D DE MEXICO, S.A., MEXICO CITY, D.F.

scale these figures down considerably.

Nor is there any official word on the purposes to which J. & L. will put the money, beyond a broad statement that it will finance a general modernization program for the company's mills and coal mines (BW-Jul. 5 '47, p. 21).

## California Banks May Get Big Tax Refund

Los Angeles County and several of its communities may find it good policy to give back nearly \$1-million to a group of banks—if a tax-discrimination decision last week by Superior Court Judge Joseph W. Vickers is upheld.

The decision was based on the principle that trade fixtures are real property, not personal property. (National banks may not be taxed for personal property.)

• **Discrimination?**—Over the past six years, the taxing authorities, Vickers decided, have correctly assessed the complaining banks' trade fixtures (vault doors, tellers' cages, counters) as real property. But in assessing other businesses, the assessors counted identical fixtures as personal property.

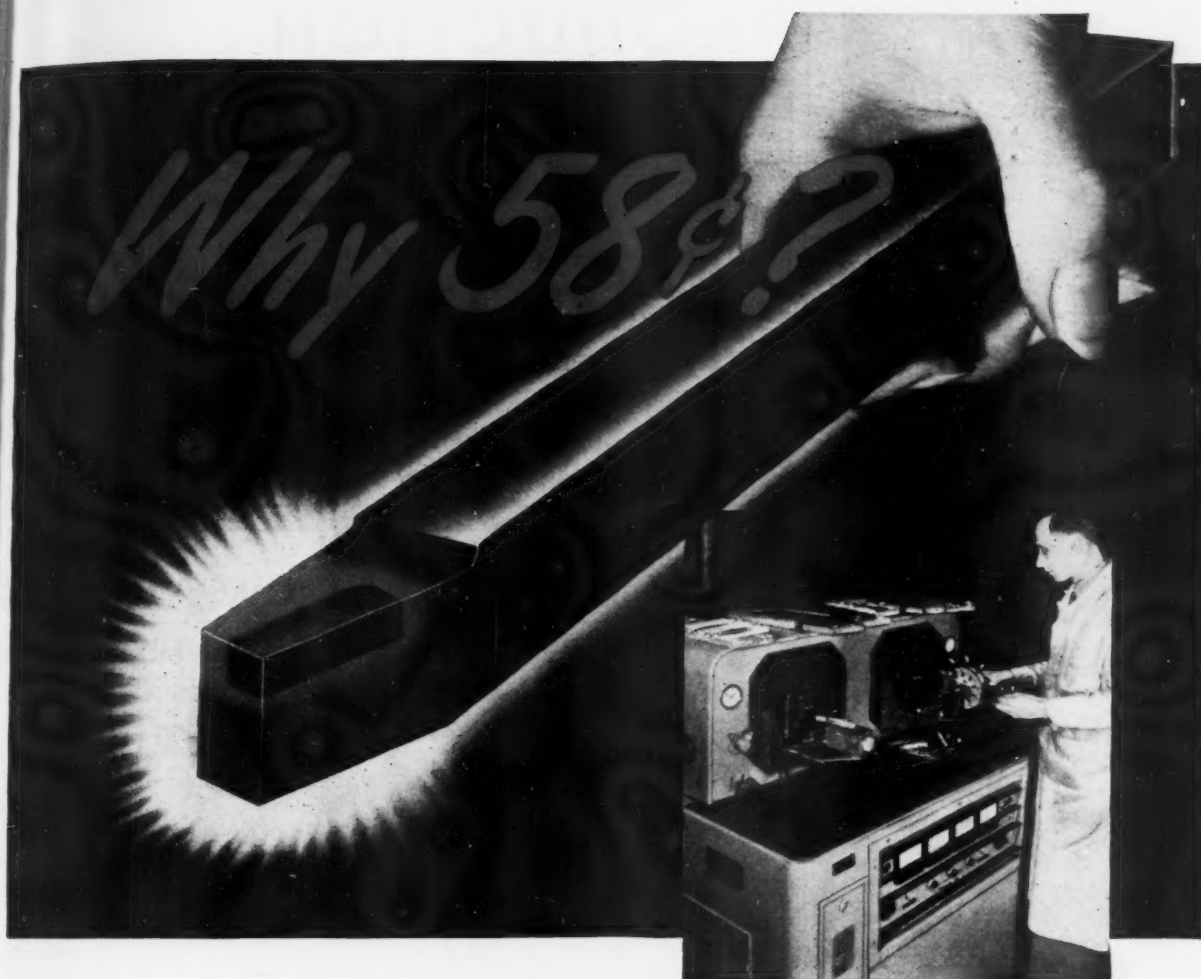
The county is faced with the choice of reassessing one group or the other. It is planning to appeal. If that fails to upset the Vickers decision, the county will most likely make a refund to the Bank of America, the Citizens National, the California Bank, and the Security-First National.

Now the banks are winding up for an identical pitch at eight other southern California counties.

• **Warmup**—These suits, however, are just a warmup for trial of a big one this fall. In this suit the banks hope to recover \$25-million from the state of California for what they say are improperly levied corporate franchise taxes.

The state, like some of its counties, has been taxing trade fixtures of non-banking enterprises as personal property. This rubs the banks under the Bank & Corporate Franchise Tax Act of 1934, which sets up a formula for computing the rate of franchise tax which banks must pay. This formula is weighted heavily by the aggregate of personal property taxes paid by all non-banking corporations. Since this sum has included as personal property a huge block of equipment that the courts now say is real property, the banks say the formula has been improperly applied.

• **Big Recalculation**—The consequences of the banks' argument, if it is sustained, will be far reaching. At the very least they would involve a recalculation of every corporate personal property tax levied in California in the past three years (as far as the statute of limitation runs), plus a cash refund to the banks.



## Braze it for 4¢ with TOCCO

Willey's Carbide Tool Company, Detroit, reports the following benefits from TOCCO Induction Brazing of tool tips:

1. Large lathe tools: 8 times as fast. TOCCO brazes 85 per hour; former method 80 per day.
2. Cost cut from 58¢ to 4¢ for each large tool.
3. Small tools ( $\frac{3}{4}$ " to  $\frac{1}{4}$ " square): TOCCO brazes 250 to 400 per hour.
4. Two 15-KW TOCCO machines paid for themselves in three months.

Mail coupon for information on New Low Cost TOCCO 7½ KW machine . . . ideal for brazing and other heating applications.

THE OHIO CRANKSHAFT COMPANY

FREE  
BULLETIN



Mail Coupon Today

THE OHIO CRANKSHAFT CO.  
Dept. W-8 • Cleveland 1, Ohio

Send Bul. 16 on New Low Cost  
TOCCO 7½ KW machine for braz-  
ing and other heating applications.

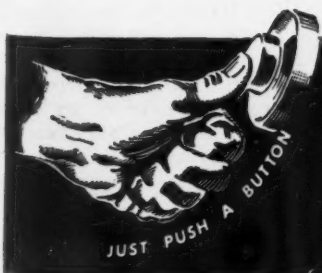
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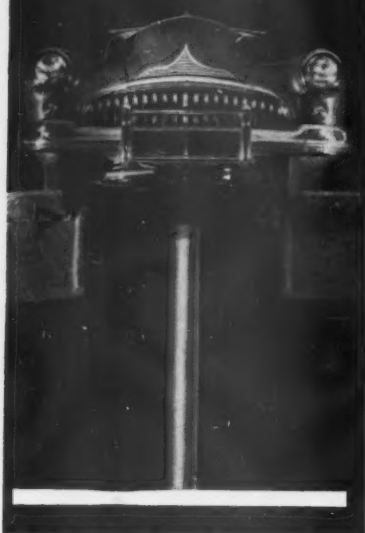
City.....Zone... State.....



# TOCCO



How to Give  
Your Sales a Lift...



## ...with TOMORROW'S Gear Lubricants TODAY

Here's a chance for an alert petroleum marketer to get a big head start on his competition. With Santopoid 29, Monsanto's new, all-purpose, gear-lubricant additive, you can now comply with the most advanced specifications—today and for several years to come. You can also blend one, all-purpose gear lubricant that will meet a wide variety of severe operating demands—from high speed, passenger car service to heavy duty service in trucks, busses and industrial gear units. This means you can simplify your inventories and concentrate your sales efforts behind one, superior product... For full technical details write for Technical Bulletin O-47. MONSANTO CHEMICAL COMPANY, Petroleum Chemicals Department, 1700 South Second Street, St. Louis 4, Missouri. Santopoid: Reg. U. S. Pat. Off.



SERVING INDUSTRY... WHICH SERVES MANKIND

# PRODUCTION



Marshall M. Smith, President E. A. Irwin, Sales R. H. Sullivan, Manufacturing

BOARD OF STRATEGY to revitalize E. W. Bliss Co.'s production and sales.

## New Ideas Build New Markets

E. W. Bliss Co. looks to new production techniques, and engineered selling to expand present markets, create new ones. Example: designing complete, integrated production lines.

An old-line manufacturer of metal-stamping presses—the E. W. Bliss Co.—today is concentrating on selling “integrated production lines.”

The move is particularly important to small companies moving into the pressed-metals field. Reason: They are not likely to have the necessary experience to set up efficient production methods for themselves. Foreign companies with similar ideas, but lacking the necessary know-how, will also benefit.

• **Big Customer**—But the Bliss plan isn't limited to small companies and foreign companies. Its most recent accomplishment is the design of dies and equipment for the new plant of a foremost maker of office equipment.

Because of Bliss engineering, the new plant will be able to make housings for a new machine at a fraction of their cost by former methods. Thus, Bliss not only shoulders all plant-engineering and equipment-selection problems—even to recommending equipment it does not make itself—it also cuts costs for its customer.

• **Long-Term Plan**—Selling engineered production lines is going to bulwark Bliss' operations during the next few years. It is a calculated step in the company's revitalization program, aimed at helping new manufacturers get into the field of stamped parts, and in building up foreign business for Bliss.

Such engineered selling is an old technique for Bliss; the company started it years ago in the automotive field. It goes back even further than

that—back to Eliphalet Williams Bliss who, in 1867, saw a good future in quantity production of the then hand-hammered and -shaped metal articles. Way back then Eliphalet figured that the manufacture of stamping presses and dies would be good business. The company today, in designing integrated dies and equipment for specific jobs, is following the same sales line which proved Eliphalet right.

• **Forward Step**—The revitalization of Bliss is noteworthy for several reasons. It represents an aggressive move on the part of an “old-line” company to bring in new blood, to adopt modern production thinking, to encourage an engineering approach in its selling organization.

Bliss has always been interested in widening the metal pressing and fabrication field. But it operated for years on a very conservative basis, sticking to conventional methods of production and selling, seeking little or no public recognition.

But things started to happen early in January, 1945.

• **New Blood**—The reconversion after World War II looked like a tough problem. It required not only rebuilding of foreign plants, but reorganization of plant facilities and selling methods in this country to get costs down, increase volume, and stabilize operations. So Delmar S. Harder, former general factory manager of all Fisher Body plants, was brought in as president and director. He, in turn, with an eye on the export market,



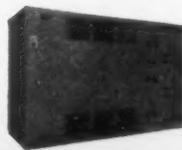
## PEMBROOKE...*The Pride of Podunk*



Pembroke was good. Big and powerful—fast as a rabbit—never missed a catch and tore the cover off the ball with his mighty bat. But Podunk found that even with Pembroke eight other men were needed for a team. Pembroke couldn't cover the whole field by himself.

Maybe your plant power transformer is a Pembroke. Big and powerful—but just not able to cover the whole plant efficiently. If so, a number of Wagner Multumite Unit Substations can be located at several key points in your plant to best carry operating loads at an efficient level. Constructed for simple adaptation to almost any installation requirement, the Multumite takes minimum space wherever located.

Should you need transformers, or any of the products made by Wagner, consult the nearest of our 29 branch offices or write to Wagner Electric Corporation, 6460 Plymouth Ave., St. Louis 14, Missouri, U. S. A.



ELECTRIC MOTORS • TRANSFORMERS  
INDUSTRIAL DRIVES  
AUTOMOTIVE PRODUCTS

IF VIBRATION AND NOISE  
*make You feel like this*



*What do they do to your*

**CUSTOMERS? AND YOUR SALES?**



Residential Stokers  
Blowers  
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Record Changers  
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Projectors  
Air Compressors  
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Vending Machines  
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Generator Sets  
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Etc.

SPECIFY  
THE LORD VIBRATION CONTROL  
SYSTEM IN YOUR PRODUCT AND  
INCREASE YOUR PRODUCT SALES



MAKE GOOD PRODUCTS BETTER  
with *Vibration Control*

LORD MANUFACTURING COMPANY • ERIE, PA.  
Field Offices: Detroit • Chicago • New York • Washington, D.C.  
Providence, R.I. • Burbank, Cal. • Philadelphia, Pa.  
Canadian Representative: Railway & Power Engineering Corp., Ltd.

**D**ISTRACTING, fatiguing noise and vibration lower your efficiency . . . and your employees'. Maybe it's noisy office equipment . . . or pounding factory machinery . . . whatever the cause, it can be hushed with Lord Vibration Control.

But what about your product . . . is it noisy or whisper-quiet . . . jerky or silky-smooth? Remember . . . if noisy vibration spoils your disposition, it can ruin your customers' . . . and your sales.

So better take another look . . . chances are your product will get fresh sales appeal with a Lord Vibration Control System . . . plus a new kind of smooth, quiet performance that outsells competition.

Whatever you make, you can increase your sales by eliminating costly, nerve-racking vibration and noise. It will pay you to consult Lord . . . make us your headquarters for product improvement by Vibration Control.

talked Marshall M. Smith, director of foreign operations for Worthington Pump & Machinery Corp., into coming to Bliss to revive Bliss' foreign operations.

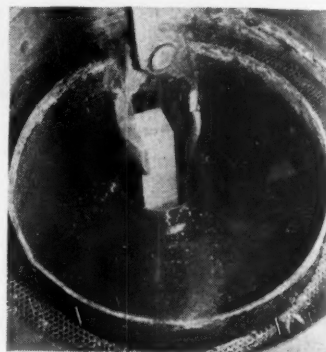
The board of directors was revamped and now includes Robert C. Enos, president of Standard Steel Spring Co.; Walter Rockwell, president of Timken-Detroit Axle Co.; and M. M. Burgess, president of Sheller Mfg. Co.

When Harder left Bliss to go to Ford last December, Smith took over as president (BW—Nov 9 '46, p80).

• **Vital Divisions**—Under Smith, the modernization of Bliss puts heavy emphasis on both production and sales. The vice-presidents charged with primary responsibility in these two directions are Ray H. Sullivan, manufacturing, and E. A. (Tex) Irwin, sales.

Sullivan joined Bliss less than a year ago as works manager of the Brooklyn plant. His background includes such jobs as: assistant to the director of operations of General Motors' Fisher Body Division; works manager of the Ingersoll Steel Division of Borg-Warner Corp.; assistant general manager of U. S. Cartridge Co. in charge of operations at the St. Louis ordnance plant.

Irwin started to work for Bliss 28



## HOLE IN WATER

Water can generally take a beating without showing it. But you can punch a hole in it, if you know how. U. S. Steel Corp. does it every day at its Research Laboratory at Kearny, N. J. The "hole," made by plunging a bar of white-hot steel into water, is really filled with invisible steam. The process is part of an experiment in quenching steel to improve hardness and wear resistance.

The hole doesn't last long enough for the eye to see it. It took a trick camera shot with an exposure of 1/10,000 of a second to catch it.



years ago. His most recent job was foreign sales manager.

• **Production Objective**—Smith's primary aim is to "manufacture" rather than "build" presses. His thesis is that "building" is slow, tedious, uneconomical, whereas "manufacturing" demands planned production on a mass basis with attendant economies.

This requires, among other things, better production study.

• **Future press designs** will be engineered with particular attention to standardization, simplification, and wider interchangeability of parts.

• **Each of Bliss' plants** is under study for possible retooling to utilize faster cutting materials (like the carbides).

• **Rearrangement of present equipment** and purchase of new equipment to lift individual plant efficiency is getting a lot of attention.

• **Decentralization**—As part of the master plan, decentralization of manufacture is going on steadily. Plants are being set up to perform separate and distinct functions.

For example, Bliss has a new Meehanite foundry in Toledo. This foundry, which is highly mechanized, provides castings for those plants making presses of Meehanite iron. Another foundry for Meehanite castings is in Hastings, Mich.

Another example: A separate plant for the manufacture of large weldments is in operation in Salem, Ohio.

• **The Advantages**—Numerous production advantages will be obtained with such decentralization, Smith points out. Operations will proceed with greater flexibility; each plant can make fuller use of its facilities; duplication of manufacture will be at a minimum; tools will be kept at work, instead of lying idle a good part of the time.

This is a distinct changeover from the days when most of the company's plants duplicated manufacturing operations and products.

• **Sales Objective**—In the sales picture, Smith is encouraging "engineered" selling, with the intent of stimulating further manufacture of pressed-metal products, of edging into the compression-molding plastics picture, of getting in on the ground floor in the fast-growing metal-powder parts field.

His basic idea is to have Bliss sell knowledge rather than so many pounds of cast iron and steel represented in a press.

• **Growth**—E. W. Bliss Co. today is a \$22-million company which had gross sales of over \$24-million last year, turned in a net profit of \$1.4-million after payment of \$800,000 taxes. This international organization of eight manufacturing divisions—six domestic and two European—stems from Eliphallet's little shop in Brooklyn.

Since its incorporation in 1886 as

## Meet the Newest Member of the NORTON FAMILY... LABELING MACHINES



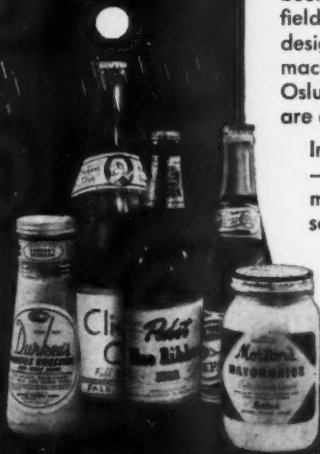
**A**PPLYING thousands of labels an hour to bottles, jars and cans—that's the task of the newest member of the Norton family, the famous Oslund automatic labeler. You'll find them working steadily, dependably for the makers of beverages, food products, drugs and cosmetics.

For over thirty years the name "Oslund" has been well-known in the labeling machine field. For over 46 years Norton has been designing and building precision grinding machines. Now the combined Norton Oslund design and manufacturing talents are available to users of labeling machines.

In 1885 there was one Norton product—grinding wheels. Today there are many.\* On hundreds of products in scores of fields the word "Norton" is a symbol of highest quality.

**NORTON COMPANY  
WORCESTER 6, MASS.**

(Behr-Manning Division is at Troy, N. Y.)





## How to Reduce THE COST OF CLEANING GREASE-CAKED FLOORS And Aid Production!

Removing stubborn coatings of dirt, oil, grease, and shavings from factory floors needn't be the time-consuming and costly job that it is when hand-spudding. Today, with the urgency for reducing costs, management cannot afford that slow process. Yet today management can least afford to neglect the care of floors. Clean floors bolster worker morale . . . aid safety underfoot . . . reduce fire hazards . . . and speed trucking—all of which contribute to greater productivity and reduced costs.

The way to clean grease-caked floors in least man-hours—and at lowest cost—is with a *Finnell 84-XR Industrial Dry Scrubber*. This is the scrubber with the *self-sharpening brush feature*. A flip of the switch reverses the motion of the brushes and re-sharpens them automatically! . . . eliminates the need for frequent changing of brushes by hand in order to maintain a good cutting edge.

Dry scrubbing with a *Finnell 84-XR* is *ten times faster* than hand-spudding, and far more thorough. Floating brush rings enable the two powerful scarifying brushes to get into indentations and grooves that rigid coupling brushes pass over and miss. The machine is adaptable to wet scrubbing, steel-wooling, waxing, and polishing.

For free floor survey, consultation, or literature, phone or write nearest *Finnell* branch or *Finnell System, Inc.*, 3808 East Street, Elkhart, Indiana. Canadian Office: Ottawa, Ontario.

### THE DRY SCRUBBER WITH THE *Self-Sharpening* BRUSH FEATURE



**FINNELL SYSTEM, INC.**

*Pioneers and Specialists in*  
FLOOR-MAINTENANCE EQUIPMENT AND SUPPLIES

BRANCHES  
IN ALL  
PRINCIPAL  
CITIES

the E. W. Bliss Co., the company's growth has been steady. It successively absorbed Stiles & Parker Press Co.; Orr & Hess Machine Co.; Hibbard Press Co.; Consolidated Press Co.; Buckeye Engine Co.; Cleveland Machine & Mfg. Co.; Toledo Machine & Tool Co.; and Marquette Tool & Mfg. Co.

The names Stiles, Consolidated, Toledo, and Marquette have been retained for press lines to complement the name Bliss. And in its long corporate life, Bliss has successfully weathered major and minor depressions; has never required a financial reorganization.

Bliss had a hand in designing and manufacturing several of the early automobiles, under the supervision of Louis Chevrolet. Today a good part of its press business is still in the automotive field. Bliss engineers designed the first automatic cigarette-making machine, also designed World War I's torpedo.

• **Presses Come First**—Bliss products fall into four major classes: presses; container-making machinery; rolling mill equipment; and special machinery. But the press line—mechanical and hydraulic—encompasses over 3,800 different types, and represents the major part of the business.

Bliss has on the boards specific design improvements in its presses. These refinements, aimed at increasing press efficiency and cutting operating costs, include: (1) faster operating speeds through precise control with improved clutches; (2) more effective utilization of hydraulic and mechanical power; (3) compact design to achieve lower center of gravity and greater accuracy and stability; and (4) more realistic approach to the problems of servicing and replacement of parts.

### HIGH-TEMPERATURE GAGE

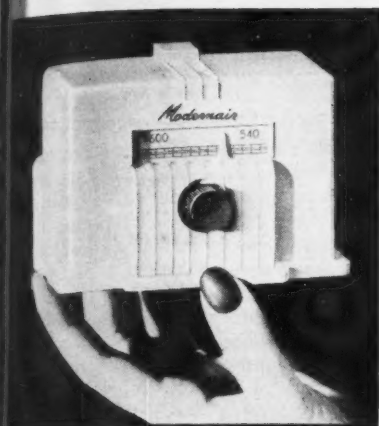
Research in new types of high-speed, high-efficiency engines—turbo-jet, turbo-prop, ram-jet, rockets—requires accurate measurement of extremely high temperatures of combustion. Fairchild Camera & Instrument Corp., Jamaica, N. Y., has come up with a thermometer to do that job.

The instrument is a type of gas thermometer in which a small volume of the high-temperature gas is continuously sampled. The principle: The density of the gas being measured gives a direct indication of the temperature.

The thermometer measures temperatures up to 5,000 Reaumur (over 11,000 F). It is said to be accurate within 1% up to 2,500 Reaumur, within 2% up to 5,000 Reaumur.

Other claims: Temperature measurement is not subject to radiation effects; response rate is  $\frac{1}{2}$  sec. or less.

# NEW PRODUCTS



## Palm-Size Radio

A radio small enough to fit in the palm of a hand has been developed by Modernair Corp., 952 S. Grand Ave., Los Angeles 15. Despite its size the set is said to have a 100-mi. reception range, full band selection, and dial tuning.

The receiver operates on midget batteries, has an earphone receiver. The antenna can be attached to any bare metal object with a spring clip that provides a quick positive connection. A regeneration circuit is used to increase the power of the set's one tube. Broadcast reception is from 1,600 to 540 kilocycles. The cabinet is molded plastic, comes in red, white, or blue.

Availability: deliveries in two weeks.

## Chimney Furnace

An automatic oil furnace which is built into an ordinary brick chimney has been developed by Chimney Furnace Corp., Rockville, Md. The unit has an output of 60,000 B.t.u., uses a ceiling blower to force warm air into the rooms at floor level. A gas-fired unit is now under field test.

Air currents move downward in the chimney, are warmed, and are then pushed into house circulation through registers and ducts. Vertical installation of the furnace saves space, reduces equipment and materials costs. The ceiling blower can be converted for use as an air circulator during the summer months.

Availability: immediate delivery on oil unit; two weeks on gas.

## Electroplated Wire

Fernicklon, an electroplated cold-drawn wire, can be hammered, twisted, or bent without flaking, says its maker. It's intended for use in radio tubes,

lamps, and electrical appliances. It is said to eliminate usual protective plating procedures.

Initial production includes steel wire with nickel, and copper wire with nickel or silver. Used with an anticorrosive coating metal, the wire can reportedly undergo severe climatic change without affecting the bond between the constituent metals. According to the manufacturer, Kenmore Metals Corp., Warren, Pa., the product can be welded without destroying the coating at the point of weld.

Availability: deliveries in limited quantities in three weeks.



## Small-Size Saw

A laminated plywood bandsaw with steel parts and cutting surface is a development of Serro Mfg. Co., 1933 Olive St., St. Louis 3. The saw is inexpensive and easy to move because of its lightness, is operated by a  $\frac{1}{4}$ - or  $\frac{1}{2}$ -hp. motor. The maker reports the saw will cut to the centers of 14-in. circles, and will handle materials up to 2½ in. thick.

Availability: immediate delivery.

## Electric Garbage Man

Eureka-Williams Corp., Bloomington, Ill., has developed a low-cost, electrically driven garbage-disposal unit that can be installed in any standard sink—old or new. The unit can be taken along when the owner moves.

The cylindrical device, called Dispos-O-Matic, is mounted beneath the sink and connected to the drain opening. Waste is fed into it through the drain. Starting and stopping is controlled by an invisible switch; it operates automatically when a cover plate

is put over the drain. Removal of drain cover automatically shuts off the machine.

Waste and garbage are chewed and pulverized to a pulp which is carried away by the small flow of water required while the unit operates. The manufacturer claims that the device is simple in design, nonclogging, requires no servicing.

Availability: deliveries in late September.

## DDT's Cousin

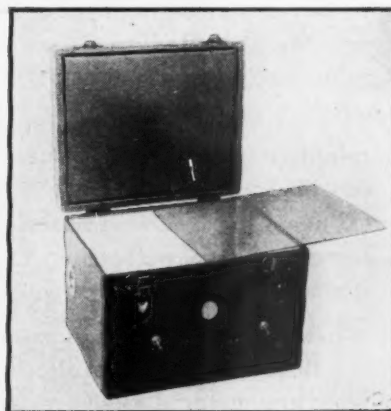
E. I. du Pont de Nemours & Co., Wilmington, Del., has developed Marlate methoxychlor, a new chemical insecticide said to be only 1/40 as toxic to animals as DDT. The insecticide, a close relative of DDT, is for use on fruits and vegetables. Indications are that it will control most of the same pests as DDT, without DDT's possible toxic effects.

Availability: immediate delivery.

## Building Insulator

An all-inclosed cotton building insulation, said to provide greater ease in handling, has been developed by Gilman Bros., Gilman, Conn. Called Cellulite, Type E, the material is covered with a vapor seal on one side, paper sheeting on the other. Ends of the coverings are sealed together to form an envelope around the cotton filler.

Availability: immediate delivery.



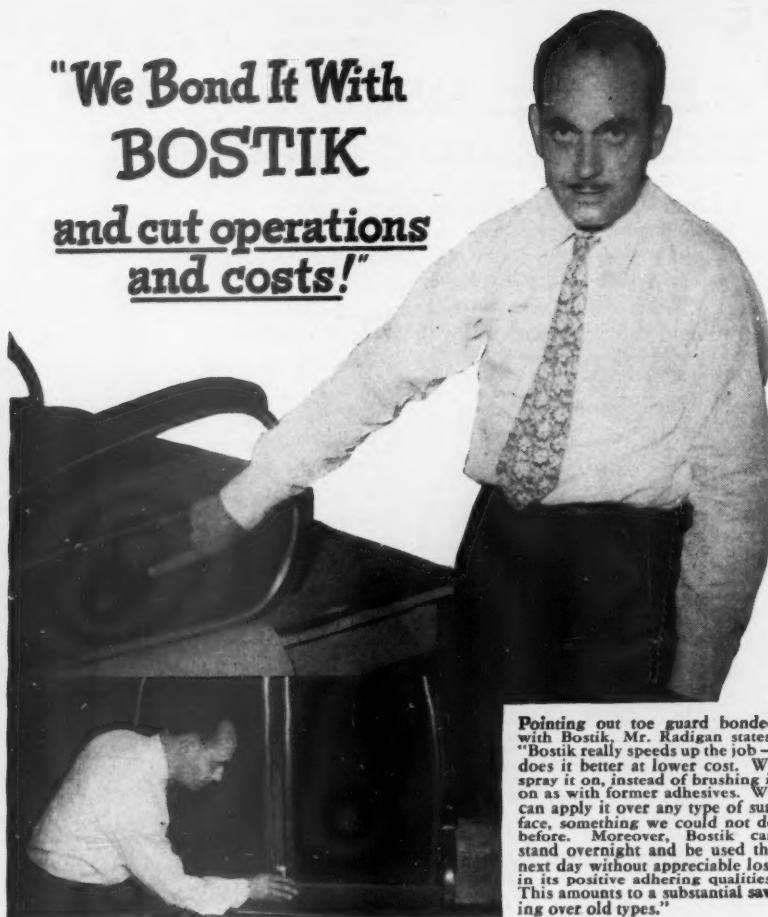
## Low-Cost Copier

A low-cost, easy-to-operate electric reproducer for photographs and printed matter is manufactured by General Photo Products Co., 15 Summit Ave., Chatham, N. J. The machine is portable, operates in ordinary light, does not require focusing or heating equipment. It reproduces in actual size, handles pictures or printed material up to 8½ in. x 11 in.

Availability: immediate delivery.



**"We Bond It With  
BOSTIK  
and cut operations  
and costs!"**



Pointing out toe guard bonded with Bostik, Mr. Radigan states: "Bostik really speeds up the job — does it better at lower cost. We spray it on, instead of brushing it on as with former adhesives. We can apply it over any type of surface, something we could not do before. Moreover, Bostik can stand overnight and be used the next day without appreciable loss in its positive adhering qualities. This amounts to a substantial saving over old types."

"We've cut our costs by eliminating operations and adhesive waste since swinging over to Bostik Customized Adhesives," says Mr. Paul Radigan, Assistant Superintendent of Transportation Seating, Heywood-Wakefield Company.

This large Massachusetts furniture company bonds fabric-reinforced vinyl plastic to steel with Bostik, in the manufacture of armrest panels and toe guards for railway coach seats. "When adhesives we formerly used for this work failed to stand the 'gaff,' we learned about Bostik — and we've used it with great success ever since!"

Whatever combination of materials *you* wish to bond, there is a Bostik Customized Adhesive that will do the job . . . will bond any material to any material, in any combination.

Write us — *today!*

**B B CHEMICAL COMPANY, CAMBRIDGE, MASS.**

**"Whatever It Is BOND IT WITH  
BOSTIK"**

## READERS REPORT

### Cover Numbers

Sirs:

It would serve your readers better if you were to start numbering the inside covers of Business Week. For example, I had occasion to refer to fellow-executives the excellent advertisement of Warner & Swasey in your June 21 issue and found it inconvenient to write "Inside Cover" a number of times on our magazine routing slip, instead of simply checking a page number.

With appreciation of the unvarying excellence of Business Week,

F. E. Schuchman

Secy. and Treas.,  
Homestead Valve Mfg. Co.,  
Coraopolis, Pa.

It is physically impossible to carry out your excellent suggestion. The covers are necessarily printed slightly ahead of the rest of the magazine. There is always a chance that, while the covers are on press, we may discover good editorial or advertising reasons for changing the number of pages planned for an issue and such a change would throw out the numbering of the inside back cover. For such reasons, most weekly magazines do not "folio" their covers.

### Market Value

Sirs:

You are to be congratulated on your Report to Executives on the Great Lakes region [BW—May 31 '47, p41]. The type of information you have presented should be of considerable value to industry as well as to research workers.

Viva Boothe

Bureau of Business Research,  
Ohio State University.

### Intelligence Service

Sirs:

You recently carried an article [BW—Jun. 14 '47, p18] extolling Senator Ives for his obstructionist tactics in one of the most important reforms that has commanded the attention of the country and Congress for years. A number of magazines seem to believe that this is good policy and have highly publicized such men as Senators Morse, Aiken, and Ives, while the sound workhorses of our Congress get little or no acclaim.

L. A. Sorneson

Adams, Keister & Co.,  
New York, N. Y.

Senator Ives is a new man in the Senate who is showing unusual activity for a "freshman." Whether we like it or not, he had a lot to do with the new

**MODERN  
ELECTROLYTIC  
FULLY-EQUIPPED  
READY-TO-OPERATE  
STRATEGICALLY-  
LOCATED**

# MAGNESIUM PLANT

**Painesville, Ohio**

**FOR SALE OR LEASE NOW**



A complete magnesium metal and alloy production unit, land, buildings, machinery and equipment for sale or lease at Painesville, Ohio.

Located in close proximity to industrial areas in northern Ohio, this modern plant is ready for large-capacity magnesium metal production by the electrolytic process, Dow method. Excellent rail and highway transportation facilities are at hand; utilities, water, power, light, gas are all available.

**ABOUT THE PLANT:** The facility includes 4 large cell buildings, each housing 27 cells with furnaces and equipment for converting chlorine content of cell cases to HCL acid.

There are also warehouses, office and garage buildings, a control laboratory, an alloy plant, a steam generating plant, a sewage disposal plant and miscellaneous service buildings.

Construction generally is of concrete with brick walls, structural steel frames, composition roofing,

steel and wood sash. All buildings are approximately 4 years old and in good condition.

Complete magnesium production facilities include dryer equipment, cell building equipment, rectifier equipment, machine tools, laboratory and testing apparatus, furniture and fixtures and portable tools.

**DESCRIPTIVE BROCHURE AVAILABLE.** Write now for a complete, illustrated, property description and engineer's report. Address all inquiries to the address given below.

★ ★ ★ **SEALED BIDS** ★ ★ ★

Your sealed proposals on Standard Bid Forms will be received by War Assets Administration, Office of Real Property Disposal, 1265 Euclid Avenue, Cleveland 1, Ohio, until 4:00 P.M., E.S.T., October 3, 1947, at which time all proposals will be publicly opened and read. This facility is offered for sale or lease subject to the provisions of the National Security Clause.



**1265 EUCLID AVENUE • CLEVELAND 1, OHIO**

# A word to TOP MANAGEMENT on manufacturing policy

"To make it ourselves . . . or have it made for us?" confronts many an executive. It applies to parts . . . assemblies . . . even entire units.

On the one hand, "in-plant" operation keeps personnel employed . . . usually costs less (tho not always) and makes better supervision possible. But if it calls for plant expansion or excessive tooling it may entail permanently increased overhead . . . an inevitable bug-a-boo if retrenchment becomes advisable.

## Share-the-Risk

"Outside contracting" presents some problems, too . . . remote supervision . . . deliveries to integrate with your own assembly lines. But contracting some of your output may relieve the pressure on your own facilities—may shorten the time to ultimate shipment and billing—something to consider in the light of capital tied up in work-in-process.

And if your sub-contractor knows his business, the problems of inspection and timing can become even a pleasurable routine. He carries part of your burden—both mental and overhead. His tooling costs are, surprisingly, apt to be less due to the nature of his facilities.

## What about comparative Costs?

In our own case we've found our costs actually less in many cases than the manufacturer himself could get by with.

Here at Lewyt we've been at it for almost 60 years. Today we enjoy the closest relationship with some of America's best known names in industry. For them we turn out parts, sub-assemblies and even the completed product to which they proudly attach their name.

★ ★ ★

Write on your business stationery for our illustrated brochure describing the Lewyt organization. Lewyt Corporation, Contract Manufacturing Division, 66 Broadway, Brooklyn 11, N. Y.

**Lewyt**  
LET LEWYT DO IT

FOR MORE THAN HALF A CENTURY CONTRACT MANUFACTURER,  
EXPERTLY STAFFED TO PRODUCE COMPLETE ELECTRONIC AND  
MECHANICAL ASSEMBLIES, COMPONENT PARTS, SUB-ASSEMBLIES  
AND METAL PRODUCTS TO THE MOST EXACTING REQUIREMENTS

labor law and was in a strategic midway spot between the proponents of a tougher measure and the men like Morse and Aiken—with whom he doesn't really classify.

Because of these facts, we felt it important to tell management men what kind of person Ives is, where he stands and what they can expect of him. We are not interested in acclaiming him—only in appraising him.

This is the kind of job that Business Week does frequently on all sorts of men whom business must be able to size up. Some of these men are important because they are friends of business; some because they could be made friends; some because they are clear enemies. It is a logical job for an intelligence service, such as Business Week aims to be.

## News on Old Process

Sirs:

Your report headed, "Oil by Solvent" [BW—Jun. 28 '47, p68], reminds one of the truth of the old saw about there being nothing new under the sun.

In 1918, the writer was employed in Hull, England, by the British Oil Cake Mills (largest seed crushers in the world) as a young chemist in a process of extracting oil from oleaginous materials such as rape seed, soybeans, palm kernels. The process was commercial and successful; in fact there were several seed crushers doing the same thing in England at that time. . . . The idea of obtaining oil by solvents is not new by any means. . . .

Alfred E. Leighton

Riverdale, N. Y.

Our report was not intended to convey the impression that the solvent extraction process is something brand new. The news lay in the adaptation of an old process to a new use and in the cooperative work done to develop this new use.

## Bending Bus

Sirs:

That picture of an articulated bus [BW—Jul. 5 '47, p21] looked familiar to a wartime resident of Washington. During the war the Capital Transit Co. tried out one or more of these on the run from the Pentagon Bldg. to downtown Washington. It looked funny but seemed to do the job.

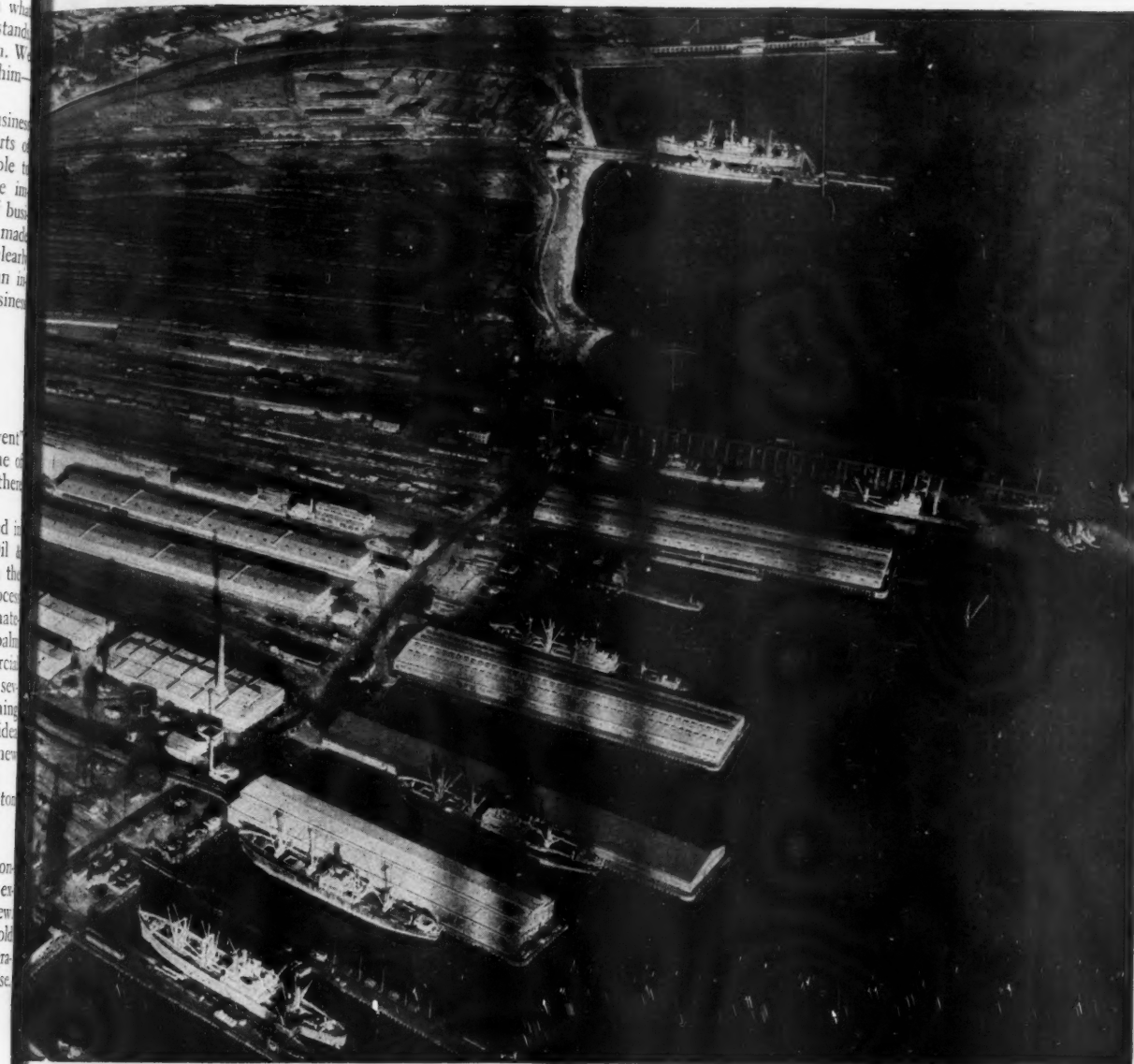
Merrill Lindsay

Commodore Broadcasting Co.,  
Decatur, Ill.

The caption on our own picture of the bending bus demonstrated in New York referred to a prior job built for the Santa Fe Ry. It is interesting to have another predecessor brought to light.

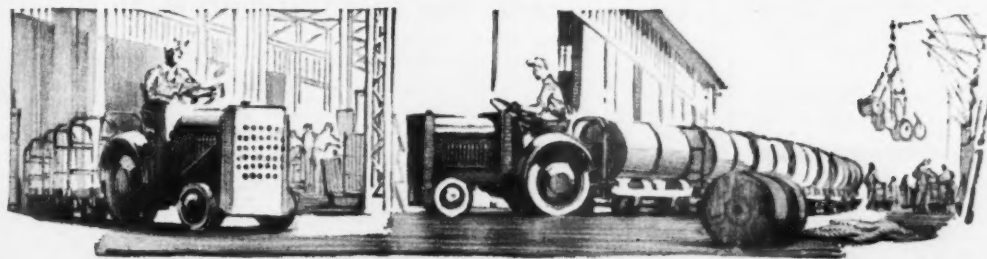


# GOOD PORT FOR SHIPPERS



*For Speed and Economy ship via Newport News*

**THE CHESAPEAKE & OHIO RAILWAY**





IMPORTERS OF  
**QUALITY COFFEES**

for

**AMERICAN ROASTERS**

**AMERICAN MERCHANDISE**

EXPORTED TO  
**COFFEE-PRODUCING  
COUNTRIES**

**OTIS, McALLISTER & CO.**

World Traders Since 1892  
310 Sansome St., SAN FRANCISCO 4  
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LOS ANGELES CHICAGO NEW YORK



**FASTER - CHEAPER  
LOADING**



**IMMEDIATELY  
AVAILABLE!**

Saves you time, money, manpower on wide variety of lifting and loading jobs in plant or warehouse. Lifts loads to truck level, or lowers them to floor level. Saves costly hand lifting. Quickly, easily installed. Hydraulic, powered from air line or electric unit. Lifting capacity to 6,000 lbs., lifting height, 58 in. Platform 6'x8'. Safety toe-guard, or full sheet steel skirting. See your Globe distributor—or write for illustrated Bulletin D-34.

**GLOBE HOIST COMPANY**  
Philadelphia 18, Pa. Des Moines 6, Ia.

**GLOBE**  
LIFTS and ELEVATORS

# MARKETING

## Textiles' Future Looks Good

Report by Commerce Dept. expert indicates that industry's fear of disastrous slump is not justified. Apparel, industrial, export demand still high. But prices must be held within bounds.

Textile and apparel industries have been harried by fears of a recurrence of what happened to them after World War I: poor business, cut-throat competition, more deficits than profits. This week they were assured, instead, of a prosperous future—with one big if. The condition: More discretion must be exercised in the matter of pricing.

• **Report**—The assurance is contained in a report by H. N. Blackman of the Commerce Dept.'s Office of Domestic Commerce. He formerly served as textile-industry specialist with the late Civilian Production Administration.

Blackman gives top priority to prices because: "The relationship between the consumption of textiles and consumer purchasing power is so close that demand will be adversely affected by any further declines in . . . the buying power of the dollar." In other words, textile and clothing manufacturers had better watch their steps if they don't

want to price themselves out of their market.

• **Boom**—Immediately after the war, business boomed for the industry. Several factors were responsible: the increase in consumer purchasing power; no durable goods available to take up their share of that purchasing power; wartime diversion of textiles to the armed forces, which built up all sorts of civilian shortages; the need to replenish veterans' civilian wardrobes.

Thus, demand greatly exceeded the capacity of the industry to supply it. And when price control came off, the old law of supply and demand went to work. Prices zoomed. In March, 1947, prices of all textile products were more than double the level of August, 1939. Cotton goods were up 200%; clothing up 63%; rayon up only 30%.

• **Bust**—But the reaction set in toward the end of 1946. Consumer demand started to slow down. The distributive

**USE TELEGRAPHIC MONEY ORDERS  
for all purposes**

**A NEW CURTIS  
SERVICE**

U.S. 1yr. \$3 1yr. \$3 1yr. \$3

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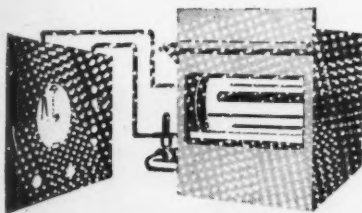
## Curtis Courts the Telegraphing Public

The next time you drop into Western Union to send a telegram, you may wind up by subscribing to the Saturday Evening Post. The reason: Curtis Publishing Co. now offers a painless way to subscribe by wire to the Post and its Holiday and Ladies' Home Journal.

You may just telegraph the subscription to the publishing company and pay for it when billed. Or the amount of the subscription may be paid in Western Union and transmitted by telegraph money order. In either case, Curtis will pay the telegraphic charges.



**STREAMLINING FOUR OPERATIONS  
INTO ONE —**



Batch-type processes, like kettle dyeing, canning, vulcanizing, often require a specific rate of increase (or decrease) in temperature, leading to a predetermined control point for the holding period. The Foxboro Cycle-log not only controls these actions but also maintains holding temperature and shuts down the process at the end of the cycle. In a typical installation, labor saved during night hours alone amounted to \$35.00 a week.

**. . . to turn the tide of diminishing profits .**

Cutting Corners often seems like the answer to this urgent problem . . . but time and again, Streamlining Processes through modern instrumentation applied to its full capabilities has proven far superior. It accomplishes the same objective . . . but more than that, it is a permanent, progressive, constructive solution. Product quality is actually upgraded, rather than degraded.

Efficient automatic instrument control of processes need not be complicated. Foxboro, over the years, has engineered controls to such a variety of processes that it offers you a head start in adapting instrument techniques to your processes.

Today, wherever production involves the control of process variables—temperature, pressure, flow, liquid level—Foxboro is helping industries to increase productivity per man and machine, improve product quality and reduce spoilage.

Isn't this the way to keep your quality standards intact and to get truly constructive advantages that cutting corners cannot offer? Let Foxboro work with you on better-engineered controls for established processes or for new processes. Get details on Foxboro Instrumentation for your specific industry. The Foxboro Company, 120 Neponset Ave., Foxboro, Mass., U. S. A.

**FOXBORO**  
REG. U. S. PAT. OFF.

*Instrumentation*



## BUSINESS IN MOTION

### *To our Colleagues in American Business...*

One of the healthy things about American business is the way we exchange information about methods. Let two executives, or engineers, or superintendents get together, and you can be sure that anything that is not secret will be discussed. In this important, friendly way we share our knowledge. Engineering societies and the business and technical press are likewise great spreaders of helpful information.

Yet the fact is that what is best in one case may not be best in another, even though the problem may seem to be identical.

Take two recent cases, both involving flange formation.

One was a top for a milking machine. The obvious method of obtaining a flange would seem to be to roll a ring and solder or braze it on, but the manufacturer wished to avoid any possibility of chinks and crevices to catch dirt. So it was decided to make the flange integral.

In cooperation with the manufacturer, Revere designed a cutting tool that would not only machine a slot in the edge of a brass disc, but also turn up the metal at an angle of about 45 degrees on one side of the slot. Next, the deformed edge was rolled up at right angles. And finally, the flange was machined down to correct height. The proper tools, the right alloy and the correct temper made this ingenious method practical and economical.

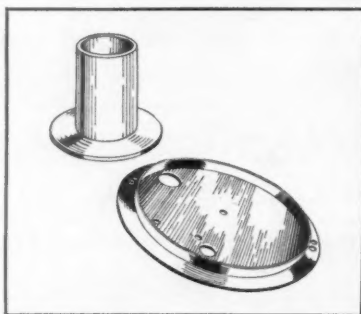
The other case developed in exactly the opposite way. A small machine part in the form of a tube with a flange was being machined out of solid brass bar,

resulting in considerable scrap. Revere studied the part, and found no necessity for an integral flange from the standpoint of strength, performance, fit or assembly. The recommendation was: make it out of brass tube, cut the flange out of strip, and braze the two together. Obviously, the recommended method of production required much less machine time, was more economical, and scrap was reduced to the small amount remaining in the strip after cutting the flange.

Flanges can also be produced by such methods as stamping or drawing, rolling or spinning. Sometimes it may be difficult to decide which to choose. The ap-

parently simple matter of a flange may not be so simple after all, and what one company does is not necessarily the best for another firm or product.

Although these two interesting cases seem diametrically opposed in method, there is one respect in which you will notice a resemblance — in each, the manufacturer called upon his supplier for suggestions, and got them. This single point of resemblance is interesting because it points up what we at Revere have always believed, that the outside viewpoint of a supplier is so valuable as to make it well worth while to regard him as an insider on problems concerning his materials. That is true not only of the metal business, but of every other industry. If you are a manufacturer, it will pay you to talk over your problems with the people from whom you buy, and for that matter, with the firms which desire to sell to you.



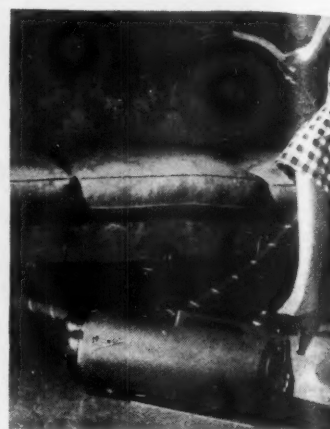
#### REVERE COPPER AND BRASS INCORPORATED

*Founded by Paul Revere in 1801*

★ ★ ★

*Executive Offices:*

230 Park Avenue, New York 17, N. Y.

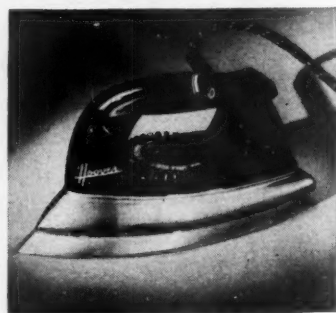


### HOOVER BRANCHES OUT

The Hoover Co. of North Canton, Ohio—long a maker of upright vacuum cleaners—is broadening out. The company has introduced a tank-type variant (above). Its only other home appliance is a new electric iron (below).

The cleaner has a handy dirt ejector that empties the bag. Foot levers do the work, so the housewife doesn't have to touch bag or dirt. The tank travels on diagonal skids, instead of parallel ones; the purpose is to avoid marking the carpet. Price, with attachments: \$79.50.

The iron is now in production at a Cambridge (Ohio) plant, bought for the purpose. The pancake-shaped dial just under the handle doubles as temperature control and extra insulation. The iron retails for \$11.45.



pipelines were finally filled up. Hard goods came back on the market, started to compete again for consumer dollars. Many of the textile products on the market were shoddy; these started to pile up on retailers' shelves.

As a result, the physical volume of retail apparel sales in 1947's first quarter was significantly lower than 1946. Women's clothing was down about

15%; men's clothing about 10%. (Due to price rises, dollar volume of sales still showed a gain.)

And the result of that trend was increased caution on the part of store buyers. This caused a slowdown in production of clothing: Cutting of women's apparel in the first quarter was around 20% less than a year ago. (The still-high level of unsatisfied demand prevented a similar drop in men's clothing.)

That is the situation today. But what of the future? There are as many different answers as there are branches of the industry. Here are a few of the important ones, as Blackman sees them:

• **Wool Fabrics**—Production in 1946 was 62% above 1939. Most increase went into women's clothing. In 1946, the amount of wool fabrics going into women's wear was actually greater than that used for men's wear. The return to the prewar pattern is now under way, causing a shrinkage in the over-all demand for woollens. The big drop in wool-textile production early this year (BW—Mar. 22 '47, p. 22) was almost entirely confined to woollens for women's wear.

The outlook depends on two factors: (1) how quickly current surplus stocks can be absorbed; and (2) an improvement in the outlook for the women's cloak and suit industry. The current style trend toward longer women's dresses and coats is encouraging; if it takes hold, the demand for new garments will increase substantially. Right now it looks like total output of wool fabrics for 1947 will be some 20% below the 1946 record total. But that level would be well above prewar.

• **Rayon**—Most of the wartime expansion was in high-tenacity yarn for tires. As a result, there is still room for expansion in clothing-type yarns. Many rayon fabrics are still in short supply; many large producers still have to allot their output to customers.

Rayon is in a good position because it is still expanding in competition with cotton; because its prices have advanced less than the other fabrics. Production of rayon broad woven goods in the first quarter of 1947 hit a new peak of 462.5-million yd.; Blackman estimates that the entire year will set a record, too.

• **Cotton Goods**—Cotton fabrics are the most important in the over-all textile picture, since they make up about 80% of all broad woven fabrics. Production rose sharply during the war to a peak in 1942, then declined as the mills lost labor to higher-wage war industries and to the armed forces. Since the end of the war, output has risen steadily; 1947 is likely to set a new peacetime record.

Market activity has slowed down recently. But the outlook, except for substandard constructions, is good. Demand for many types of fabrics has remained strong. Among them: print



## 3¢ A DAY STOPS THE NOISE THAT KILLS OFFICE MORALE

You pay plenty for noise, because noise keeps your employees from doing their best work. Yet 3¢ a day per worker, figured over 4 or 5 years, is all it costs to end noise with a ceiling of Armstrong's Cushiontone acoustical tile.

It's a real economy to eliminate the clatter of office machines, shrill bells, and loud voices with a Cushiontone ceiling. Efficiency in general improves, errors decrease, and less overtime is required.

These benefits are lasting. Up to 75% of all the sound that strikes the surface of Cushiontone is absorbed in the 484 deep fibrous holes of each 12" square of this material.

Not even repainting will affect this high efficiency.

Armstrong's Cushiontone is a good reflector of light, too. It's easy to maintain, and it provides extra insulation. Your local Armstrong contractor will be glad to prove to you with a free estimate the economy of a Cushiontone ceiling. Call on him.

**WRITE FOR FREE BOOKLET, "How to Eliminate Noise Demons."** It gives all the facts. Armstrong Cork Co., Acoustical Department, 4708 Walnut Street, Lancaster, Pennsylvania.

CUSHIONTONE IS A REG. TRADE-MARK.

# ARMSTRONG'S CUSHIONTONE



Made by the Makers of Armstrong's Linoleum and Asphalt Tile

# "How they turned off the lights in Payroll"



Blazing for nights-at-a-stretch before each payroll, those lights had become a familiar part of the scene. Then, suddenly, they were gone!

For the problem that used to keep them burning in the Payroll Department was finally and completely solved through the use of National Payroll Machines and National Accounting Machines. No more overtime — no more lights!

For many, many other firms, too, National Accounting Machines have ended costly, disruptive overtime. Some of these concerns are among the country's largest — some, far smaller.

Indeed, one of the most enthusiastic users of Nationals, anywhere, is a manufacturer employing a total of only about 60, and having a daily posting of accounts receivable of about 40. For he finds his National Multiple-Duty Type-writing-Bookkeeping Machine so flexible, and so suitable to his needs, that, *single-handed*, it handles his *entire* accounting.

If you employ from about 50 people, up, let your National representative show you exactly how the right National Accounting System can save you time and money, while giving you better control of your own business. Or write to The National Cash Register Company, Dayton 9, Ohio. Offices in principal cities.



THE NATIONAL CASH  
REGISTER COMPANY



cloth, broadcloth, bedsheets, and towels.

The high level of industrial and agricultural activity is encouraging. About 500-million yards are being used for these purposes each quarter—roughly 20% of total output. Cotton bagging is the most important use here; the continued uncertainty as to burlap supply helps this market.

Exports provide another prop. Export controls on cotton fabrics were discontinued last Mar. 31. Since then, the volume of exports has been steadily increasing. The 1947 total is expected to reach a billion sq. yd. For 1946 the figure was 775-million sq. yd.

• **Gamble**—Meanwhile, in the New England cotton-milling community, there is considerable interest in the smaller mills' activities. Larger companies, as always, have played cotton close to their chests—particularly in recent months. But the little mills have been selling cloth three months ahead at current prices. They were gambling that, before then, raw cotton prices would be lower. They based that gamble on the wide October-May spread in cotton futures prices—recently as much as 6¢ a lb.

At the moment, it looks as though it may have been a good gamble. Spot cotton prices broke \$5 a bale when the recent government crop forecast was announced.

## Census Bureau Enlists Statistical Help

The Census Bureau, its budget slashed, is working out a self-help plan for gathering local business statistics.

Basis for the arrangement is a fresh business-government relationship. Local chambers of commerce or similar business groups act as the government's field agent—for free. They take the responsibility of seeing that the bureau gets reports from the community every month.

• **Pruning's Results**—When Congress this spring ordered a 45% cut in Census Bureau spending, the bureau had to recast hundreds of monthly and quarterly reports on production, sales, inventories. Usually the change involved smaller coverage, less detail, less frequent reports. The bureau's 120 field offices, for example, were cut in half. The monthly retail sales report was cut from 60 cities to 30. (The bureau had hoped to boost the 60 to 90.)

In many cases the pruning went un lamented. In others, business groups protested, said they really needed the figures. The self-help plan was put forth as a partial answer; so far it is limited to retail sales.

• **Origin**—Actually the idea came about a year ago from the secretary of the

- 1) Capacity . . . 4,000 lbs.
- 2) Capacity . . . 15,000 lbs.
- 3) Capacity . . . 2,000 lbs.
- 4) Capacity . . . 30,000 lbs.
- 5) Capacity . . . 10,000 lbs.
- 6) Capacity . . . 7,500 lbs.
- 7) Capacity . . . 12,000 lbs.



## HYSTER'S 7 guides TO PROFITS

Each one of the seven new Hyster industrial lift truck catalogs makes profitable reading. They contain facts and pictures that will interest and excite every business man who seeks an end to the high costs of materials handling.

*Fast transportation; high tiering; quick starting and stopping; maneuverability and smoothness of operation are necessary in any lift truck. Hyster has all of these plus pneumatic tires and the long life of quality engineering.*

Hyster's new catalogs point the way to materials handling savings in time — manpower — money. Copies sent on request.

## HYSTER COMPANY

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1807 North Adams Street, Peoria 1, Illinois  
DISTRIBUTORS IN PRINCIPAL CITIES



We present these Trademarks as a cross section of industrial America that we have the privilege of serving—most of them over a period of many years.



# CANNON

INDUSTRIAL PAINTING SPECIALISTS  
SPECIALIZING IN SERVING  
INDUSTRIAL PLANTS ONLY  
OLIVER B. CANNON & SON, INC.  
PHILADELPHIA 43, PENNSYLVANIA

## Why

### frozen food locker plants make money

● Farmers, housewives, and budget-wise people buy or grow food in quantities which they store in frozen food locker plants. Hence, the locker plant business is PROFITABLE for locker plant owners and operators; and since every community has thrifty people, every community needs one or more locker plants. Perhaps you could make big profits by owning a NEW, WELL PLANNED AND OPERATED PLANT in your town. Salem builds plants everywhere . . . will teach you the business, too . . . tear off the coupon now.

*Locker plants combine wholesale and retail selling at extra profit.*

**SALEM ENGINEERING CO., SALEM, OHIO**

Send me locker plant data...

Name \_\_\_\_\_  
Address \_\_\_\_\_  
City \_\_\_\_\_ State \_\_\_\_\_



"CONTEMPORAMA": Abraham & Straus' bedroom display typifies the swing to the modern. The sliding headboard in this Herman Miller bedstead doubles as a reading rest.

Joliet (Ill.) Chamber of Commerce. Because he had no monthly index of local business, he volunteered to do the necessary field work if Census would compile and publish the material. Result: The bureau was soon issuing a Joliet index. The secretary served as trouble-shooter, prodded delinquents into sending reports.

The Joliet plan was tried with general success in a number of other small communities where Census could not then operate. But it was not publicized until the economy ax fell this year; as long as it still appeared possible that Congress would authorize professional coverage of all major retail markets, Census statisticians did not seriously consider using volunteer field agents.

● **Doubts**—As professionals, they saw weaknesses in the plan: Volunteers could give only a few hours monthly; hence, coverage was limited to a few large establishments in each community. The results, although useful for checking local conditions against national trends, did not permit the breakdowns of interest in market analysis.

On the other hand, local chamber of commerce sponsorship often led to enthusiasm and cooperation. A Richmond (Va.) chamber group promoted the arrangement with paid radio time.

Fearing a "Dark Age" in current market facts, the bureau professionals have put aside their doubts. They have agreed on full support of the Joliet plan as a means of encouraging the development of a national system of market reporting. The business division has prepared a special brochure describing the plan. It will be offered wherever Census withdraws existing services. And it will be made available to other communities interested in periodic reports on local market information.

## Modern Furniture

Brooklyn store uses entire department for display, sells half of floor stock in one week. New woods, colors used.

The recent trend toward modern design in furniture has lately picked up speed. Manufacturers exhibiting at this summer's Chicago furniture show heavily stressed new styles, aware that the modern stuff now accounts for some 40% of furniture sales (BW—Jul. 1947, p28).

● **Bold Action**—Abraham & Straus, Inc., leading Brooklyn (N. Y.) department store, took note of this trend—and acted boldly. In one fell swoop last month it cleared all period pieces off its furniture floor, relegated them to the basement store. Into the 14,000 sq. ft. of space on the sixth floor of the company's west building went nothing but modern furniture.

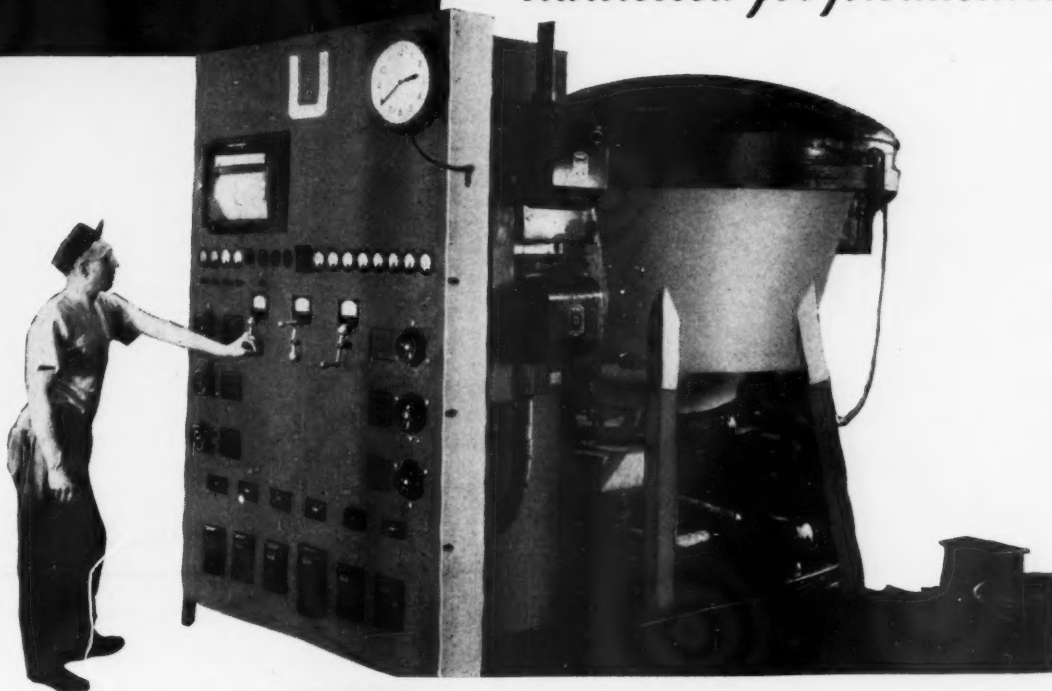
The gantble turned out to be a good one. Brooklyn homemakers went for the idea, in the first week snapped up half the furniture on the floor.

● **Nontraditional**—The furniture itself would startle even recent generations. Not only are designs far from traditional; so are some of the ingredients. Many new woods are used in some pieces, disguised old woods in others. They include such things as Brazilian rosewood in dark tones, Koa, Maidu, Cuban alagorborra in dark and light effects, walnut and prima vera in ebonyized trim, natural mahogany, and native elm in several lacquered tones.

Fabric colors are equally varied. There are yellow-greens, green-yellows, mauves,

Maybe **NOTHING** Can  
Help Your Business...

*when it's high vacuum  
harnessed for production*



...as in this **DPI** factory-scale molecular still

**Molecular Distillation**—distillation under exceptionally high vacuum—has now grown to be much more than a laboratory tool.

Processors of heavy oils, polymers, plasticizers, or any organic material of molecular weight over 300, frequently find that DPI's molecular stills give them an even better method of processing their products. Equipment like the 5-foot-diameter Centrifugal Still pictured is being used *now* with good results in factory-scale processing.

If your business is concerned with the processing of any organic material with a molecular weight over 300, now is the time for you to investigate the possibilities of Molecular Distillation.

Competition is getting keener daily. Molecular Distillation may give you a real advantage by helping cut processing costs and by helping you produce a superior product. It costs you little to find out the facts.

You can get a laboratory model molecular still for about \$3,000. With it your own researchers can run experiments on "undistillables"—materials incapable of separation by ordinary distillation methods. The results of these experiments easily may provide you with profitable answers to your processing problems.

You can send a sample of the materials you process to DPI for experimental distillation. Skilled high-vacuum technicians will determine whether your sample may be processed in a molecular still. They will provide you with samples of the fractions they remove, along with a complete and confidential report of their findings.

Your request for information about Molecular Distillation and its application to your business—factory or laboratory scale—will be answered completely.

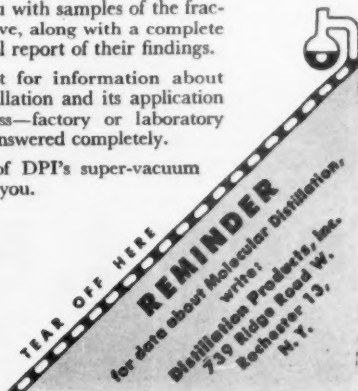
The *nothing* of DPI's super-vacuum is ready to help you.

**DISTILLATION PRODUCTS, INC.**

739 RIDGE ROAD WEST, ROCHESTER 13, NEW YORK



*Pioneering in Molecular Distillation and High Vacuum Research*





"How could **I** know we  
were wasting fuel?"



"Our boiler plant  
looked all right  
to me"

**S**URE, your boiler plant may look fine . . . on the outside. And all the time it can be robbing you from the inside. *There's* where your money may be going up in smoke or other invisible losses of even greater magnitude. There is no refund on partially burned coal. It pays off in the furnace or not at all.

In boilers fired by Iron Fireman automatic *Coal-Flow* stokers, this pay-off is big. Iron Fireman's patented Air-Volumeter provides the precision combustion control needed for peak performance. It maintains the correct ratio of air to fuel, regardless of fluctuating fuel-bed resistance.

Iron Fireman engineers have identified 17 "Bogey Men" who haunt most boiler-rooms, wasting fuel and labor, and cutting down profits. They're hard at work where furnaces are fired by hand or with old-fashioned equipment. Are you sure they're not busy in YOUR steam plant?

Send for Iron Fireman's folder "17 Bogey Men" and check it against your own boiler room. Write to Iron Fireman Manufacturing Co., 3163 W. 106th Street, Cleveland 11, Ohio. Other plants in Portland, Oregon and Toronto, Canada. Dealers everywhere.

#### IRON FIREMAN STOKER PAYS FOR ITSELF FIRST WINTER



Plenty of Wisconsin coal bunkers take a beating in wintertime . . . but not those in the Edwards Motor Company of Milwaukee. This company installed its first Iron Fireman stoker in the main sales building on December 29, 1931. "The saving was so substantial," says George R. Lindblom, President, "that we saved the cost of the stoker the first winter." Mr. Lindblom adds, "Since that time, we have continued to add Iron Fireman stoker equipment to other buildings." Where winters are long and tough like Wisconsin's, fuel savings are a mighty important item. And with rising coal costs, Iron Fireman's economical performance is more valuable than ever before.

# IRON FIREMAN



COMMERCIAL AND INDUSTRIAL HEAVY  
DUTY STOKERS, OIL BURNERS • RESIDENTIAL  
STOKERS, OIL BURNERS, FURNACES, BOILERS

browns, greys, corals, pinks, tutti-frutti, and gunmetals. Rugs range in hues, textures, and shapes so as to follow some of the abstract lines of the furniture.

• **Contemporama**—A. & S. officials called their display the Contemporama Collection. Reason: It celebrates the creative work, says A. & S., of top-flight modern designers. Among the manufacturers represented are Dunbar Co., Loeblein Co., Tapp Co., Herman Miller Co., Mengel Co., Valley Upholstery Co., Drexel Corp., and Plymouth Wood Products Co.

To market its furniture, A. & S. set up a special display. It built 17 individual furniture collections on raised platforms around the entire floor. Thus visitors can spot the collections that attract them from any point on the floor. Assorted props—wall coverings, draperies, lighting—were used to blend harmoniously with the modern furniture.

• **Promotion**—A. & S. attracted customers with some fancy promotion. For example, it called meetings of Brooklyn homemakers to sit in with leading furniture designers. And it dedicated several of its choicest Contemporama furniture collections to leading women broadcasters. Result: a deluge of highly favorable radio mentions.

#### DIORAMAS FOR TRAVELERS

New York advertising executives have long been counting the number of eyes in Manhattan's overpopulated Grand Central Terminal that turned up toward the big display ads around the walls. The admen liked what they saw, so they surveyed some 24 other railroad terminals and airports around the country. The results were impressive. All in all, these points represented a new advertising medium, with a potential circulation of more than 126-million.

To reach this market, admen will place big dioramas in conspicuous spots on the walls. A new organization—Diorama Corp. of America—will build the displays, place and service them for the advertisers. Total estimated cost for one diorama ad placed in all of the 25 present franchised outlets: \$100,000 a year.

Pioneer in this new field is E. H. Burdick, president of Diorama. He recently unveiled "copy" for the first two dioramas his company is placing in 12 terminals. One is for Westinghouse lamps (through Fuller & Smith & Ross), the other for Clark's chewing gum (through Buchanan & Co.).

The new dioramas are different from those in Grand Central in that they have no frames, or "shadow boxes." They are 7 ft. long, 4 ft. high, 1 ft. 8 in. deep, are brilliantly lighted, use plenty of color, and have numberless possibilities for motion.

# LABOR



ROBERT N. DENHAM, general counsel of NLRB: man of the hour on the labor front.

## Man on a Hot Spot

Robert Denham, new general counsel of NLRB, has primary responsibility for success of Taft act. Law makes him virtual czar of U. S. labor relations. He is already under fire from many sides.

This was the week employers and unions began living under a new set of rules (BW—Jun. 28 '47, p15). Henceforth, the jurisdictional strike, the secondary boycott, the wildcat stoppage, the featherbed practices are illegal. Labor responsibility is required by law.

This was the week the Taft-Hartley Labor Management Relations Act of 1947 became effective. It reversed a 12-year policy of almost unqualified government support for trade unionism. An experiment in regulating the activities of labor organizations had begun.

This was the week Robert N. Denham began to exercise his unprecedented powers as general counsel of the National Labor Relations Board. Under the new law, NLRB's general counsel becomes virtual czar of the nation's labor front. So far as the success of the Taft-Hartley experiment is entrusted to any one man, that man is Denham.

• **Confirmation Worry**—Already Denham was in trouble.

Although appointed by the President before Congress adjourned, the Senate has yet to confirm him in the post. The Senate Labor Committee, initially neutral about his nomination,

now has in Senator Ellender (D., La.) an influential member determined to fight for his rejection.

Back home, an Ellender constituent called the senator's attention to a severe dressing-down that Denham got from a Circuit Court of Appeals when it reversed one of his decisions as an NLRB trial examiner. Ellender concluded that Denham's conduct of that case rendered him unfit for the job of NLRB counsel. Denham had allegedly shown an antiemployer bias.

• **Ruling**—Denham followed the Ellender charge with the issuance of a regulation which created the impression that his bias was in the opposite direction. He decreed that any union seeking service from NLRB not only must have each of its officials file affidavits that they are not Communists, but must have the officers of the A.F.L. or C.I.O.—whichever one it is attached to—file such affidavits as well.

The responsibility of the individual union to satisfy such a requirement is clearly provided by the law (page 72). But the rule that the top officers of the parent federation must also so depose is a Denham interpretation.

Thus, unless all the A.F.L. hierarchy—including the proud John L. Lewis—

## IF YOU — — had a chance

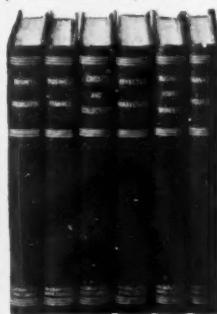
to step into a better job

**WOULD YOU  
BE PREPARED?**

These are times of change in the business world. New jobs are opening up, and they must be filled, and filled quickly—with men

who are able. Here are books giving quick access to fundamentals and practices that promote executive efficiency to help you prepare yourself so that when your opportunity comes, you will be ready.

**This is a business executive's library**



THE books in it cover the elements and methods of management most needed in executive approach to business. Use it for immediate help in specific problems, small and large—also, to master the patterns underlying methods, to get the knowledge of all business you need quickly now.

The need for this sort of help, and the most practical means of meeting it, have been the only standards by which Milton Wright has sifted and chosen material and organized it, in this Library. From it you can get the guideposts you need in tackling new duties, in assuming executive responsibilities, in knowing the job and getting it done.

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For Canadian price write McGraw-Hill Co. of Canada Ltd., 12 Richmond Street E., Toronto 1.

# O.K. for hitch-hiking—



## ...but N.G. for sorting checks

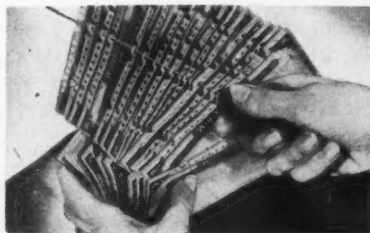
A sturdy thumb is a standard accessory for a ride-moocher, but makes an awkward tool for sorting checks. Thumbwetting, shuffling and rifling waste precious hours at check reconciliation time.

With Keysort, your accounting department arranges checks more accurately, in any sequence... and cuts sorting time as much as 85%!

ALL your present checks can be converted to Keysort without redesigning, without the installation of expensive or complicated sorting equipment, without interfering with present office procedures. Any office worker can learn Keysort operation in a half hour.

The cost? Negligible compared

with the resulting savings in time and money... increased efficiency and the elimination of bookkeeping bottlenecks. Keysort is a tool your accounting department just can't afford to be without! Ask the nearest McBee man for a demonstration.



LIKED BY EMPLOYEES because it turns check sorting from a long, boring chore into an easy, interesting, jig-time operation. Keysort is so flexible that two or more people may work on the same job at the same time.



### THE McBEE COMPANY

SOLE MANUFACTURERS OF KEYSORT

295 Madison Avenue, New York 17, N. Y.... Offices in principal cities

and the avowed Communists among C.I.O.'s officialdom swear that they are not Communists, some 13-million members of A.F.L. and C.I.O. will have to stand before NLRB.

If the ruling was intended to prove to Congress that he was not pro-labor, Denham's strategy misfired. Members of the Senate-House committee set up by the Taft-Hartley act to "watchdog" the law's administration differed with Denham's interpretation.

• **Responsibilities**—Denham's job is fated to keep him on one spot or another continuously. He is responsible for all the prosecuting functions that NLRB had under the Wagner act—plus a heavy increase under the Taft law.

Completely independent of NLRB, he has charge of all the board's field staff and operations. He has final authority over all investigations, charges, and issuance of complaints. He can decide without appeal to any board or court what cases should and should not be put on the NLRB docket.

• **Discretion**—In some types of cases it is mandatory upon him to go into court and obtain an injunction against the continuance of an unfair labor practice. But in many instances he may use his discretion on whether or not to invoke judicial authority.

How Denham will use his discretion is today the largest question on the labor front.



Ralph T. Seward

## Arbitrator Seward to The No. 1 Spot

Ralph T. Seward is moving from the second most important permanent arbitrator job on the industrial front to the No. 1 spot. Effective Oct. 1, he becomes



# How will this Revolution *affect your profits?*

If your business depends on products derived from fats and oils, then it's high time that you took a serious look at the Solexol\* Process.

**Because this revolutionary new method for refining animal, vegetable and marine oils is well on the way toward changing the profit picture of the fats and oils industry.**

Because numerous firms including Lever Brothers Company, Swift & Co. and the Vitamin Sales Corp. of South Africa have already recognized the far-reaching possibilities in the Solexol Process and have Solexol plants under construction.

**Because lower refining costs, higher yield of more highly refined products and even some new products never isolated in commercial quantities before will give Solexol operators a competitive advantage that cannot be equalized by any other process!**

Briefly, the Solexol Process employs a proved scientific principle for separating the various components in non-mineral oils by physical means, according to molecular weight and structure. No chemicals are used and operations are conducted below the boiling point of water. Hence, there is no loss or product deterioration due to chemical or thermal reaction. 100% of the original feed stock is recovered — in fractions separated to bring the highest market price.

**For example:**

**LOW GRADE FATS AND TALLOW**s may be refined to produce a 99% yield of premium-grade white tallow for the manufacture of fine quality soaps—at a cost of less than 1/4¢ per pound.

**VEGETABLE OILS** are refined to a degree never possible before. The variable soybean now produces edible oils with remarkable stability, paint oils superior to linseed oil in not one but several important characteristics, and other products such as pigment-lecithin and sterol concentrates of highest quality.

**FISH LIVER OILS** release vitamin A oils with a potency of 400,000 International Units per gram when concentrated by the Solexol Process (further concentration is possible, if desired) with total vitamin A recovery well over 90%.

**FISH BODY OILS**, such as sardine and menhaden, for the first time yield highly concentrated vitamins at a commercially practical figure. Simultaneously, residual oil in sardine bodies is separated into other fractions with drying properties equivalent to tung oil (35% fraction) and linseed oil (45% fraction) as well as other products valuable for various industrial purposes.

★ ★ ★

These are but a few examples of what the Solexol Process has already accomplished. Large pilot plants are in full operation — and complete data are available covering a wide range of adaptations and products. Full information may be obtained by writing Glyceride Processes Division, The M. W. Kellogg Company, 225 Broadway, New York 7, N. Y.

\* In one continuous operation the Solexol Process decolorizes, separates, extracts, concentrates and deodorizes any of the following: Vegetable Oils . . . Animal Fats and Tallows . . . Fish Body and Liver Oils . . . Fatty Acids from all sources. Licensed jointly by The M. W. Kellogg Co. and The Chemical Foundation, Inc.

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Engineers and Economists to International Industry

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# What in the world interests women

Practically everything ... and so almost as much

as men are reading TIME!

EVERY WEEK one and a half million women read TIME.

Who *are* they? Most are wives or daughters of the 1,800,000 TIME-reading men.

How intensely do they *read* TIME? Like the men, most are cover-to-cover readers.

Over a period of time, these are the average ratios of women readers to men for each of TIME's Departments—based on personal interviews among equal numbers of men and women:

ART.....	99 Women	MILESTONES.....	107 Women
BOOKS.....	115 Women	MISCELLANY.....	101 Women
BUSINESS.....	68 Women	MUSIC.....	107 Women
CANADA.....	76 Women	NATIONAL AFFAIRS.....	86 Women
CINEMA.....	121 Women	PEOPLE.....	102 Women
EDUCATION.....	96 Women	PRESS.....	81 Women
FOREIGN NEWS.....	81 Women	RADIO.....	85 Women
INTERNATIONAL.....	82 Women	RELIGION.....	104 Women
LATIN AMERICA.....	75 Women	SCIENCE.....	74 Women
LETTERS.....	97 Women	SPORT.....	52 Women
MEDICINE.....	102 Women	THEATRE.....	118 Women

For  
100  
men

TIME's 1,500,000 feminine readers are interested in just about everything in TIME! In a week they do more planning and discussing and managing, in the home and out—more buying and consuming and recommending—than most women do in a month.

When you can get their interest, you've got something. And the best place to get it is in TIME.

**TIME** The Weekly  
Newsmagazine

Read every week by the men and

to Women?

as many women



## Why does TIME interest women so much?

- Shown above are a few of the many articles in one recent issue of TIME that satisfy an intelligent woman's natural curiosity about the world around her... and appeal to her personal interest in how the world affects her home, her family, and herself!

and women who are everybody's Best Customers!





Equipment illustrated being used in office of Green Colonial Furnace Company, Des Moines, Iowa.

## Call Your Nearest Graybar Branch for Dealer Information on "Teletalk" Intercommunication Systems

Every Graybar branch has a list of "Teletalk" dealers located near you who have experience that will prove helpful to you in selecting the exact intercommunication installation to meet your specific requirements. "Teletalk" systems are made in a variety of models, so regardless of the size of your business, there is a model for the most economical installation.

"Teletalk" is a quality product with natural tone, free of hum or buzz—you can easily recognize the voice of the individual calling.

Moderate in cost and negligible in upkeep, it saves many hours of time for the average business. Its convenience saves many extra steps going from department to department.

Let a Graybar Specialist and our dealer give you first hand accounts of what they have done for other businesses—why not call today.

**GRAYBAR ELECTRIC COMPANY, INC.**

Graybar Building, New York 17, N.Y.



**FIRST TO FILE** under the Taft-Hartley law (left to right) Paul Hutchings, head of A.F.L. Office Employees, and J. Howard Hicks, union secretary, pose with Labor Under Secretary David A. Morse, and Charles Straub, registration chief.

impartial member of the three-man arbitration panel established by U. S. Steel Corp. and C.I.O.'s United Steelworkers. He has just spent three years in the busy full-time post of impartial umpire between General Motors Corp. and C.I.O.'s United Auto Workers.

Seward will succeed Herbert Blumer, who is returning to the University of Chicago's sociology faculty. The switch is the first personnel change in Big Steel's and its big union's Board of Conciliation & Arbitration.

• **More of the Same**—Since its foundation in the 1945 contract, B.C.A. has handled 501 cases. In about half the cases it ruled the claims improper. Most of its active docket has involved issues of earnings, seniority, and local plant practices. B.C.A. expects its future business to be of the same nature.

B.C.A. acts in effect as an appeal court. It maintains a permanent office and staff in Pittsburgh and its two other members have been Walter J. Kelly for the corporation, and Eugene Maurice for the union.

• **In the Middle**—Seward, a Cornell and Columbia Law graduate, went to Detroit after being impartial chairman in the New York milk industry. He had served previously as counsel to the New York State Labor Relations Board and as a public member of the National War Labor Board.

Seward is self-effacing and publicity-shy in the already well-established tradition of a comparatively new profession. His move to Pittsburgh will be without benefit of press conferences. Those who know him, however, say that he's not sorry to be moving on. The stiffness of relations between G.M. and the U.A.W. made Detroit a lonely place for the man who sat between them.

## Filing Begins

**Labor Dept. set to receive and act on reports unions must give under Taft law before they can get NLRB service.**

Although the Taft law is now fully operative—except for existing contracts—important provisions in the Wagner act still remain in effect. These are the sections which the Taft-Hartley measure did not amend. It is still, for example, a violation of law to discriminate against an employee because of his union activity.

• **Conditions**—But while such safeguards of unionism are preserved in statute, they cannot be invoked by labor organizations unless new procedural requirements are met.

Most irksome among the distasteful conditions which the unions feel are imposed upon them are the necessity for (1) registering with the Dept. of Labor their rules and financial reports, and (2) filing with the National Labor Relations Board individual affidavits deposing that each official is not a Communist.

• **The Machinery**—Although he does not expect an exactly land office business, Secretary Schwollenbach has established in the Labor Dept. a new unit—the Office for the Registration of Labor Organizations. Unions seeking to prepare the way for using NLRB must begin by filling out ORLO forms.

In charge of the unit until a chief is named is Charles W. Straub. He's special assistant to Schwollenbach, has been in the department about a year. A native of Arkansas, Straub previously

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**Teletalk**  
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INTERCOMMUNICATION SYSTEMS

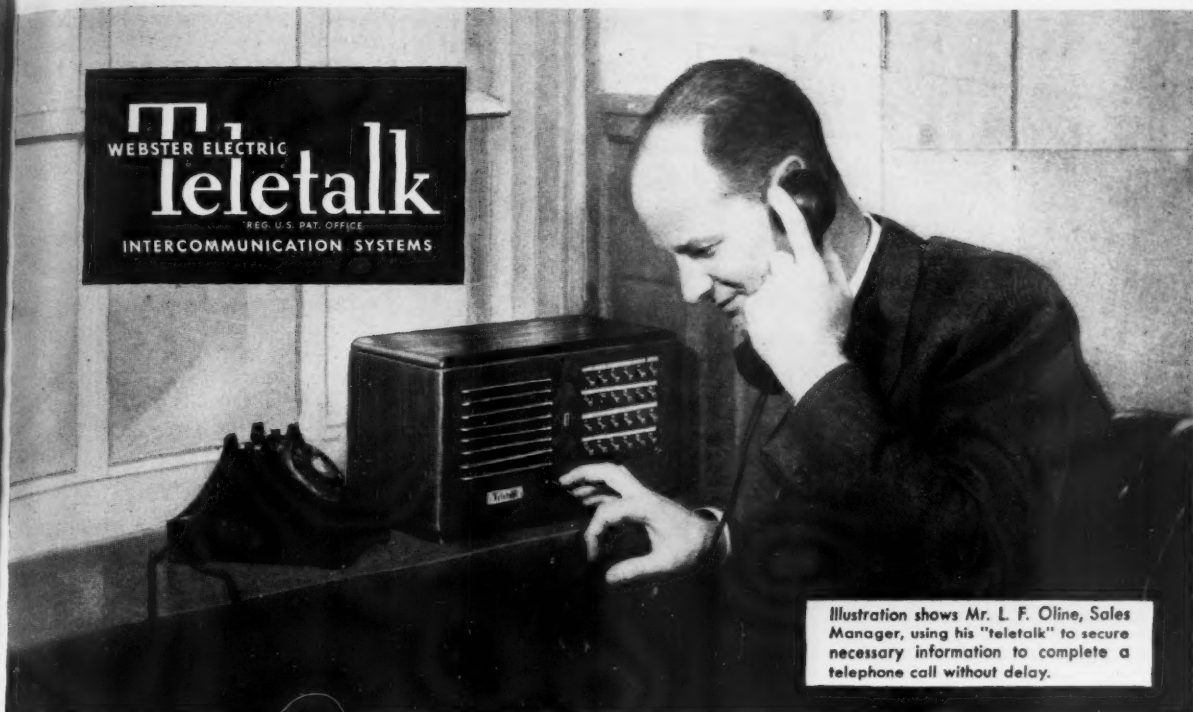


Illustration shows Mr. L. F. Oline, Sales Manager, using his "Teletalk" to secure necessary information to complete a telephone call without delay.



Illustration is of Mr. Michel enjoying the time-saving convenience of "Teletalk."

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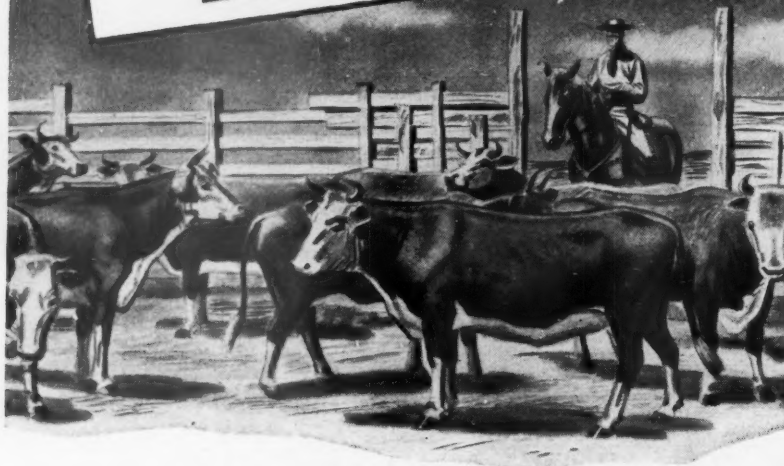
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was legal counsel in the Federal Security Agency for the Public Health Service.

Only one top official has been named to the unit. He is David S. Tanzman, 28-year-old war veteran, who has been in the Wage-Hour office. Tanzman is chief of the review section and in direct charge of the files.

Other personnel will consist of reviewers, file supervisors, filing clerks, and secretarial help. Congress appropriated \$100,000 for the unit.

• **Registration**—Straub has no idea how many unions will file. First to announce registration was the A.F.L.'s Office Employees International Union, which claims 35,000 members in 200 locals. It was followed in a day by the Pattern Makers League of North America (A.F.L.). Local unions of these organizations, as well as the A.F.L. itself, must register before a local union can get NLRB service.

• **What It Will Do**—Here are some of the rules and procedures which the registration unit will follow:

(1) It will keep confidential the names of unions which have registered as well as the data filed. This information will be available only to NLRB and members of the particular union. Schwellenbach has invited a court test of his position on this point.

(2) When received, the facts will be reviewed to determine compliance with the law. They will be given a code number which will indicate the affiliation, the name of the international union, and the local union number.

(3) On request of a union, a letter of compliance will be issued bearing a compliance number and expiration date. These two items must be indicated by the union on all petitions or charges filed with NLRB.

(4) On request of NLRB, the registration unit will supply it with the union's compliance number and the expiration date of the registration. Thus, NLRB can make its own quick check.

• **Affidavits**—As to anti-Communist affidavits, they must be filed by officials of the parent organizations like A.F.L., C.I.O., and the international union—before a local union can get “affirmative” action from NLRB.

But nonfiling unions cannot escape being brought before the board by complaining employers.

• **Affirmation**—In every petition filed by a union, it must indicate that it has complied with these requirements. Otherwise, NLRB won't respond to it.

### EMPTY TRAILERSHIPS

The two converted LST's that Trailershops, Inc., designed for carrying truck-trailers between New York and Albany (BW—Aug. 9 '47, p. 32) were buffeted by labor troubles in their maiden





## Teaching rayon to swim was serious work!

That's a mighty pretty bathing suit, mermaid-to-be. But how will it look by the time you've conquered the crawl . . . and his heart?

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voyages last week. They sailed empty. A.F.L. teamsters in Albany refused to drive trailers to or from loading docks. And A.F.L. longshoremen refused to load trailers aboard ships unless they were handled by union drivers.

Michael McCall, secretary of the Teamsters' Albany local put it bluntly: "Each trailer that goes down the river on a boat means one less night job for our over-the-road drivers." New York teamster locals did not join the boycott. But truck operators, since they could not be assured of unloading, postponed plans to use the water route.

Trailerships executives studied the legality of such a boycott under the Taft-Hartley law. Meanwhile, they said, they planned to sail the ships every night loaded or empty.

## Union Helps Sell

**Threatened with layoffs, U.A.W. members at Unit Drop Forge go out selling, get new business, save their jobs.**

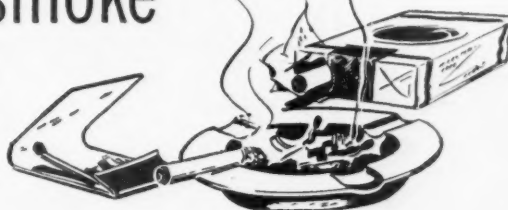
In September, 1946, management at the Unit Drop Forge Division of Fuller Mfg. Co. in West Allis, Wis., warned its 300 shop employees that layoffs could be expected in two or three months. Reason: lack of business due to loss of lush wartime orders for Unit's forgings, shafts, gear blanks, and similar products.

• **Unique Proposal**—The usual amount of grousing set in promptly. But—just as promptly—it produced far from usual results. A committee was organized headed by Vernon Brady, then president of Local 407, United Auto Workers (C.I.O.), which bargains for the workers at Unit. Brady and his com-



**COOPERATORS** to boost Unit Drop Forge sales: Sales manager Carl Helgren, flanked by union president Clarence Owen (left) and union worker, Harold Moschetz.

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Continental Bar, Wm. Penn Hotel,	Lord Baltimore Cocktail Lounge,
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Commodore Perry Hotel, Toledo	620 Club, Minneapolis

**T**HERE was a time when the density of the tobacco smoke cloud in a night club was a measure of popularity. But today, with more discriminating patronage, the picture has changed. You have to have a clean atmosphere for customer comfort if you want to keep profitable patronage.

Smoke can actually become so "thick" in clubs and cafes that it settles as a blue film on backbar mirrors and glasses, necessitating daily polishing. Small wonder then, that crowds leave just for a chance to breathe.

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" E	1320.63	"
" F	482.67	"
" G	312.30	"

(FROM PUBLISHERS INFORMATION BUREAU  
ANALYSIS OF ADVERTISING—1946)

Wherever you find it, you find a management-man . . . well informed.

mitteemen asked management to employees try their hands at bring in business.

Harold E. Brey, vice-president and general manager of Unit, agreed, announced, further, that he intended to pay the regular 5% commission the union for sales made by members. • **New Customers**—The treatment worked. Unit recently could get orders from seven new customers owing on its presses as a direct result of union sales effort. The division's volume is 25% over a year ago; productivity is up 15% for the same period and 5% better than it has ever been. The dreaded layoff which started the whole thing has failed to materialize.

Here's how the scheme works. Local 407's behest, the U.A.W. regional office in Chicago circularized locals in the area. As a result members working for other companies keep their eyes open for possible spots where Unit's forgings can be used more efficiently and economically than present materials. This results in a good crop of leads which are forwarded to Clarence Owen, now president of 407.

• **No Toes Stepped On**—To protect Unit's sales force, Owen checks all leads with Carl Helgren, the division sales manager. This cuts down Local 407's field considerably; not many quantity users of castings are missed from salesmen's lists. But if the prospect has not been called upon by a company man, the union picks up the ball by sending out one of the half-dozen members who do its selling.

While union salesmen are on the road, Unit pays their salaries as if they were in the plant. Traveling expenses are paid by the union out of commissions.

These commissions are accumulated in a separate fund in the union treasury. At the end of the year, net proceeds will be divided equally among union members.

• **Cooperation**—Sales meetings at Unit are held with the union sitting in. Free exchange of information, problems, and advice is the order. The company sales staff is far from upset by this unorthodox procedure. Members point out that many of the union's sales could be turned up only by other unionists who are actually working on the bench in customers' shops. And Unit's management is sure the whole arrangement has helped sales in all quarters as well as strengthened its employee relations.

Neither company nor union will tell what percentage of total sales is union originated. But both agree that results from this cooperative selling venture are beginning to approach significant proportions. And, peculiarly, the union company-union agreement which makes it possible has never been reduced to writing. Neither side feels it's necessary.



## Embezzlement losses aren't "peanuts"!

Embezzlement losses, to use the vigorous idiom of America, "aren't just peanuts." As witness U.S.F. & G. case No. 181333, with losses totaling \$271,777.81. Or No. 4-MF-2, in which a shipping clerk appropriated merchandise worth \$34,000. With prices high and more money in circulation, losses due to employee dishonesty are rising sharply.

Yesterday's Fidelity Bonds may not provide adequate coverage today. Your company may have a sizeable deficit to make up in event of major embezzlement losses. Why not review your bonding program in the light of current conditions? The U.S.F. & G. agent in your community will be glad to analyze your program, without obligation. Consult him today.

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# PICKET LINE BATTLE ENDS IN COMPROMISE



**1. MARCHING** on struck plant. Employees of the Clinton (Mich.) Machine Co. rally to the back-to-work call of their president, Donald Thomas (in Panama hat, right). The pickets at the gate closed ranks to meet the charge and fists began to fly.



**2. MUSSED** by resisting pickets, Thomas watches the skirmish. Strike and last week's outbreak followed U.A.W. employees' demand for 15¢ hourly wage increase. Management had offered 8¢ raise which was rejected. After a Clinton Chamber of Commerce poll indicated that a great majority of the employees opposed the strike, the back-to-work move began.



**3. REBUKE:** Thomas, still ruffled, upbraids police for failing to keep order.



**4. SCUFFLE,** as pickets try to keep Virginia Service from plant, ends with...



**5. AN ESCORT** of police, to take him through picket lines into the factory.



**6. THE LAW** warns Thomas that he, as well as pickets, must stop using force.



**7. PEACE** comes as Thomas (left) and William McCauley, regional C.I.O. director, sign a compromise agreement. Terms: Employees get a 10¢ raise and production bonus.



# INTERNATIONAL OUTLOOK

BUSINESS WEEK  
AUGUST 23, 1947

SERVICE

The Attlee government is flirting with a British Five-Year Plan. Even that may not get Attlee himself out of the spot he's in.

Right now Attlee's cabinet is on the point of breaking up over the nationalization of steel. Most ministers want to postpone the issue and give top priority to measures to beat the crisis. They know that steel legislation would split the country wide open.

But a majority of the Labor Party wants to push nationalization. This group insists on legislation at the next session of Parliament, which starts in October.

If Attlee can divert attention from this issue by a bold economic plan, he might save his position. The trade unions are asking for such a plan. They want it to cover Britain's essential industries. They want priorities and production targets for at least the next two years.

Government planners have long had a five-year plan on the verge of completion (BW—Apr. 12'47, p113).

It could be taken off the shelf, made to fit the latest crisis measures.

If Attlee fails to come up with a new hand, he's almost certain to fall. It's anybody's guess what would happen next. If Labor's right-wing kept control of Parliament, Foreign Minister Bevin would probably get the nod to form a government. If Labor's left-wing took over, Aneurin Bevan, Minister of Health, might succeed Attlee as Prime Minister.

But Winston Churchill gloated in the Commons' lobbies recently that some 60 years ago Gladstone came back as Prime Minister at 84. Churchill is 72.

The Labor government will get little comfort out of the current Washington loan talks. For one thing, the U. S. delegation, led by Secretary of the Treasury Snyder, is being tough. It wants to know exactly how Britain got into the jam, and how it proposes to get out.

For another, even if the U. S. agrees to let the British discriminate in favor of imports from the Empire, the effect would be slight. London already is buying just about all the colonial supplies available. A U. S. concession on this point would have to be long term to mean anything. It would have to give time for the development of new colonial resources. And this would set a new pattern of Empire preferences.

This week's U. S. concession on convertibility will ease Britain's dollar crisis. But it can't solve it.

Washington agreed Wednesday to let London suspend full convertibility of sterling immediately. This won't affect the U. S. directly, nor most of Latin America. But Argentina, Uruguay, and Brazil are hit. So are Canada and eight European nations which have agreements with Britain.

The British hope the suspension will be temporary. In making sterling convertible into dollars on July 15 they planned to strengthen the pound. But the drain on their dollar reserves became too heavy. During the second quarter of 1947, before convertibility, the Bank of England lost \$80-million weekly. In the week ended Aug. 18 the Bank lost \$237-million.

The reason for the jump was that many countries asked London for dollars so they could buy in the U. S. The new setup will probably force

# INTERNATIONAL OUTLOOK (Continued)

BUSINESS WEEK  
AUGUST 23, 1947

them back into the British market and cut the drain on Britain's dollars. But at the expense of U. S. exports. That's the rub.

Such an arrangement would probably affect the sterling London has just released to India.

By a pact signed on Aug. 14, Britain agreed to let the Indians have \$140-million during the rest of 1947 out of India's \$4.5-billion of accumulated sterling balances. This is to be divided between Pakistan and India (page 86). Under present arrangements, it can be converted into dollars or any other currency.

While Europe's crops are taking a beating from the heat wave, the Soviet press is talking excitedly about the bumper grain crops in the Ukraine and Siberia. Stalin is reported to be directing the harvest operations personally.

Moscow also claims a phenomenal sugarbeet yield from the Ukraine. With the aid of 41 new refineries, Soviet officials expect now that they can double the 1946 sugar output (BW—Aug. 2'47, p89).

But Stalin is not spending all his time harvesting. He also has his eye on the development of Russia's eastern oil fields. He's rushing to complete a new and strategically safer source of oil supplies.

By 1950, output in the Volga area, the Bashkira Urals, Turkmenistan, and Kazakstan is slated to surpass the combined output of Baku, Grozny, and Maikop.

The new oil developments are north and east of the Caspian. They will be much less vulnerable to air attack than Russia's old standbys.

The Kremlin is also pushing ahead with industrialization of the Irkutsk region of Siberia. This lies just north of Mongolia, is rich in resources, already has some industry.

The U. S. is about ready with its plans to prevent the rearmament of Japan. The chief long-term controls will probably take three forms:

- (1) Limitation of Japan's steel production to 3.5-million tons a year;
- (2) Limitation of petroleum refining to 2.1-million kiloliters a year;
- (3) Limitations on the size and speed of merchant ships.

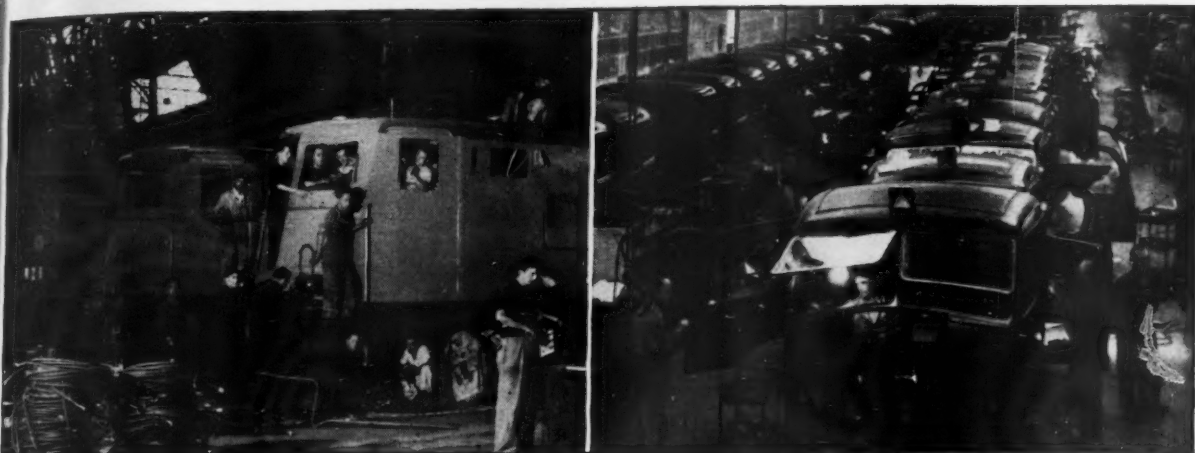
The State and War departments have agreed on the first two. They figure that the controls should be as simple as possible.

At the levels being set, the Japanese steel and petroleum industries would have to import 80% of their raw materials. A 50-man inspection team could probably watch these. Since large plant facilities are needed for steel production and lots of tankers for a petroleum industry, a double-check would be handled with a minimum of effort.

But the State and War departments disagree over how to tackle Japan's merchant marine. State would limit the size of ships to 5,000 tons and their speed to 15 knots. General MacArthur's headquarters would like to see a new Japanese merchant fleet without such restrictions.

When the U. S. gets together with itself on this point, it will present the policy to the coming Far Eastern peace conference.

# BUSINESS ABROAD



PRODUCTION in major plants, like Breda (left) and Fiat, quickens as Italy's economic wounds begin to heal.

## Italian Industry Perks Up

Export-Import loan comes through; more coal is in offing. Reviving firms now turn to tie-ins with U. S. companies. They offer labor, plants; are in good spot to be Mediterranean middlemen.

Washington is casting a benevolent eye on Italy these days. Last week the State Dept. waived \$1-billion in war claims against Italy.

This move followed hard on the heels of an Export-Import Bank loan to Italy. The bank had just announced that it had approved the advance of \$23-million out of a \$100-million commitment. The purpose: to assist specific segments of Italian industry to restore and expand their export markets.

• **Balance**—The State Dept. looks upon the present government of Alcide de Gasperi as an outpost in the ideological battle between East and West. It is balanced precariously between the parties of the right and left. The right is numerically small, reactionary. The left is vastly stronger in numbers, is composed of Communists and left-wing Socialists. The present government is of the center; it is democratic; it was chosen by the free will of a majority of the Italian people.

Export-Import Bank officials like the way Italian industry has tried to put its house in order. They're favorably impressed with experience to date on the short-term "cotton credit" of \$25-million granted early this year. Now Italy's textile exports are booming—running 50% ahead of prewar. Consequently there have already been some prepayments against the loan.

Italian industrialists generally take the attitude that there's only one way out—to roll up their sleeves and go to

work. Although plagued constantly with shortages of raw materials, especially coal, many have done just this.

• **Factories at Work**—The big Fiat automotive works at Turin has been turning out over 100 vehicles a day, most of them heavy trucks (picture). With its share (\$10-million) of the Export-Import Bank funds, Fiat will get materials and equipment from the U.S.

Montecatini, which gets \$9-million, has been struggling hard to push up its output of chemicals and metals. Pirelli (\$4-million) has been a leader in the recovery of the Italian rubber industry; it is now producing enough tires to meet the most urgent needs of road transport. The great Breda ordnance works in Genoa is concentrating on electric locomotives and other rolling stock (picture). It may be cut in on the remaining \$77-million earmarked by the Export-Import Bank for Italian industry.

• **Target**—Over-all industrial output has been running at about 60% of the prewar level. The target of the Ministry of Industry & Commerce is 80%-85%. And for the first time the outlook for coal imports holds out hope that this goal may be reached.

Italy is due to get 2,658,000 tons of foreign coal during the third quarter of 1947. This is almost enough. Of the total, 1,780,000 tons are expected from the U. S., 348,000 from the Ruhr, 165,000 from Poland.

• **Deal**—Rome is also slated to receive 180,000 tons of coal from Belgium and

70,000 tons from France. These shipments will be in return for a deal in which Italy supplied the two countries with Italian coal miners.

As a result of these imports, the allocation of coal to various industries has been increased. The cement industry is getting 50% more; chemicals and pharmaceuticals, 33%; rubber, 21%; automotive, metalworking, and shipyards, 25%. Under the new allocations, the steel industry will get enough coal for 85% of its prewar output. Engineering industries will get enough for 70%. Electric power (mainly hydro) is already more than 120% of prewar.

• **Natural Middlemen**—But Italian industries are looking to the U. S. for more than loans, materials, and equipment.

The Export-Import Bank began studying the Italian government's original request for a commercial loan early this year. Ever since then Italian businessmen have been busy exploring the possibilities of teaming up U. S. capital with Italy's industrial potential.

• **Hopes**—So far, there hasn't been much concrete evidence of progress on this front. But Italian industry is talking hopefully of a number of developments in the following fields:

**Electrical:** International General Electric is said to be studying the possibility of putting a substantial sum of new capital into its Italian subsidiary—Compagnia Generale di Eletticità. The deal would enable I.G.E. to take over several electrical equipment firms which are currently strong on prospects but weak on finances.

**Metals:** U. S. Steel is in the final stages of negotiation with the Società Finanziaria Siderurgica. This is a financial group controlling a number of Italian iron and steel plants. Here, the reported idea is for the Italian companies to fill certain U. S. contracts that



will involve the Mediterranean area.

Manufacture of pipe for the Saudi Arabian oil line and of steel for railway building has been mentioned.

**Shipping:** Discussions are under way between a group of unnamed Italian and U.S. shipowners to create an Italo-American line. It would operate out of Genoa to the Caribbean area and to the east and west coasts of South America.

Italy's merchant marine is now recovering rapidly. Coincident with the \$1-billion waiver of claims against Italy last week, the U.S. government transferred to the Italian merchant marine 23 vessels—eight seized during the war and 15 surplus liberty ships.

• **Europe, Too**—Italy is not confining its search for industrial tie-ins to U.S. companies. British, Belgian, South African, and Swedish commercial interests have shown an interest in using Italy's iron and steel plants. Swiss and British banking circles are favorably impressed with a four-power scheme to harness the water-power of the Alps. This would involve France, Switzerland, Austria, and Italy.

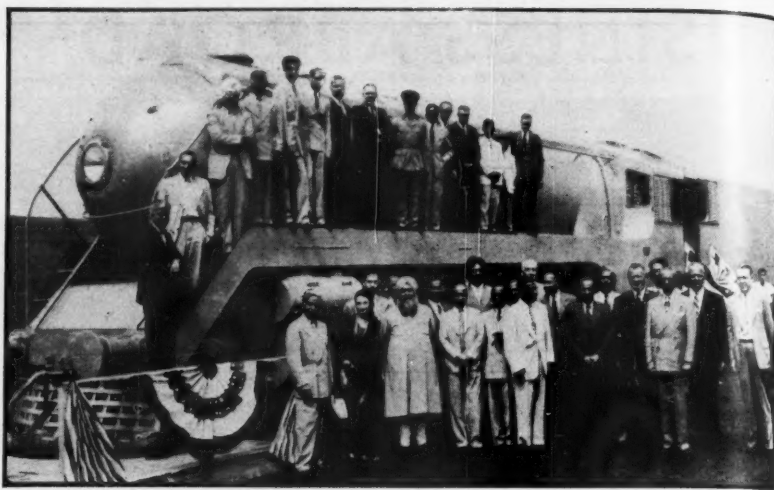
Recently, the Anglo Iranian Petroleum Co. and the Azienda Generale Italiana Petroli formed a new oil refining company. Name: Industria Raffineria Olii Minerali. The company will refine Middle-East oil and distribute it to continental Europe through Italy (BW—Jul.12'47,p92).

• **Oil Project**—A more ambitious scheme for the expansion of refining facilities is now being worked out by the Italian delegation at the Paris talks on the Marshall plan. It covers the construction of refineries at Savona, Genoa, La Spezia, Naples, Bari, and in Sicily; the rebuilding of destroyed refineries at Leghorn and Venice. Pipelines would be laid from western Italian ports to Turin, Milan, and Cremona.

The Italian government is said to be ready to set up a series of free ports as part of this plan. The U.S. would be asked to supply the machinery and materials—and to undertake joint responsibility for operating the new facilities.

Washington officials would be the last to predict that dollars are slated to shower on Italy—either from private or from public sources in this country. The future isn't sufficiently clear for that. The Marshall plan still has many obstacles to hurdle. New national elections come up in Italy next April. They will test the existing political balance.

• **Fingers Crossed**—American businessmen, therefore, still have their fingers crossed as they explore Italy's commercial potentials. If Italy's industrial production moves into new high ground this fall, and if the Marshall plan goes through, the U.S. stake in Italian industry is sure to hit a new peak.



NEW LOCOMOTIVE for new India: First of 16 Baldwins is christened in Philadelphia.

## India's Rough Economic Road

Partition has confused all problems. Joint currency plan only clear-cut idea yet to emerge. Both dominions plan industrial and rail expansion; U. S. equipment will help.

NEW DELHI—Partition may have been the simplest way out of India's political and social impasse. But the device has dragged a trail of economic confusion in its wake (BW—Jun.14'47, p109).

Even after independence day (Aug. 15), major economic questions still await final agreement. In the vital area of financial assets and liabilities, for instance, the only clean-cut plan that seems to have emerged so far is for currency.

• **How It Works**—The joint currency plan sets up two stages. During the first (from Aug. 15 to Mar. 31, 1948) a common currency will be used for both India and Pakistan. The Reserve Bank of India will act as bankers for the two dominions. Its cash balances are to be divided temporarily, on a basis not yet announced, to give Pakistan an operating balance. These funds are not surplus assets, however, but funds secured by government paper; India has been operating for many years on a deficit budget.

Pakistan may draw funds, in excess of the division, against bills secured by its potential share of the sterling balances. But Pakistan will probably not issue its own bonds for quite some time—until its financial position becomes such as to attract investors.

• **Next Phase**—Second stage in the currency plan starts Apr. 1, 1948. At that time Pakistan will begin using Reserve Bank notes with some such imprint as "legal tender in Pakistan only." (Since Pakistan owns no government printing

office, the Indian government is to handle this work.)

On the same date, Pakistan is to begin issuing its own coinage. It gets the Lahore Mint (one of India's three), and designers are already at work on the new coin system. Some wonder whether Pakistan will switch to a decimal system for dividing the rupee, but this appears unlikely.

When the second stage ends Sept. 30, 1948, the Reserve Bank will cease to serve Pakistan. The plan calls for that dominion to have either its own currency board or central bank.

• **Progress**—Other points on which some measure of agreement has been reached:

**Import-export policy.** The current joint agreement will carry over for at least six months (BW—Aug.2'47,p88).

**Customs.** External customs will continue as is for the same period. Free trade will go on likewise for six months.

**Stamps.** Pakistan will probably produce its own stamps this fall, undoubtedly by imprinting Indian stamps as in the case of paper currency.

• **Railroad Puzzle**—A good illustration of the intricacies involved in taking apart the country's economy is provided by the railroads. Divvying up the physical railway assets actually went off without much of a hitch. But difficulties began to crop up with personnel.

The situation boils down to this: Since the plan allows all government workers to choose their future country, some 82,000 rail workers are pulling out of Pakistan (Moslem). But only about 52,000 Moslems are going there from



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India (Hindu). The upshot is that India has a surplus of 30,000 workers—most of them "protected" under civil-service type rules. Pakistan meanwhile is 30,000 short.

Given some luck, however, all of India's railroads may soon be due for improvement. They have orders in now for 16 passenger locomotives from Baldwin Locomotive Works and want to buy another \$60-million worth of locomotives in the U. S., Canada, and Britain by 1950. The first of these is already on its way to India. And there are plans a-foot as well to add another 5,000 miles to the subcontinent's 40,000-mile railway system.

• **Raiding**—On a minor key, the division of lesser physical assets, such as office equipment, has given rise to a great deal of bickering. Every day brings fresh stories of "raiding parties" hijacking typewriters, electric light bulbs, and even files from government office buildings. Nub of this particular problem is the demand of Pakistan's representatives for a 50-50 division of these smaller assets. The numerous committees that have been set up to take care of this work are having a tough time of it.

Meanwhile, the attention of all top personnel is so taken up by these many

economic and political problems that the question of industrial progress is receiving scant attention.

When the two dominions get around to exploiting their resources, this is what they will have to work with:

No. of mills or plants:	India	Pakistan
Cotton .....	380	
Jute .....	108	
Sugar .....	156	
Iron & steel .....	18	
Cement .....	16	
Paper .....	16	
Glass .....	77	
Mineral production (thousands of tons):		
Coal .....	25,000	Under 200
Chromide .....	5	
Copper .....	300	
Iron .....	1,500	
Manganese .....	766	
Mica .....	5	
Magnesite .....	23	
Agricultural resources (thousands of acres):		
Jute .....	983	140
Cotton .....	13,770	1,400
Tea .....	641	
Rice .....	17,000	5,000
Wheat .....	4,000	3,000
Sugar .....	2,500	300
Communications (thousands of miles):		
Railways .....	26	9
Roads .....	246	50



A WELDER, A TYPIST, to boost Canada's manpower, get immigration O.K.'s.

## Immigrants for Canada's Farms, Factories

TORONTO—Canada is getting its first mass-movement of immigrants since it shut the door on them back in the early 1920's. Government teams, aided by industry representatives, are now combing European DP camps looking for thousands of workers. The DP's and other immigrants will supply much-needed manpower for Canada's lumber camps, mines, industries, farms.

Britishers, Polish DP's, Greeks, Dutch farmers, and others have been streaming in. Textile manufacturer Ludger Dionne gave the immigration a dramatic prod by importing 100 Polish girls to work in his Quebec mills (BW—Jun. 14 '47, p. 104). Most spectacular program is that of the Ontario provincial government. It began flying over 7,000 British men and women early this month.



# Industry Reacts

Businessmen in Australia say Labor government handicaps them. Big glass company calls off expansion plans.

MELBOURNE—By proposing the nationalization of Australia's banks, the Commonwealth's Labor government has struck another blow at free enterprise. The trading banks are pitching in to make a last-ditch fight against Prime Minister Joseph B. Chifley's nationalization program. But the business community fears the worst.

Australian businessmen feel that they are already under a handicap because of the government's labor policy. And because of it the country is losing out on one major industrial expansion project.

**Change in Plans**—The case in point is Australian Consolidated Industries, a big glass company, which until recently had plans for increasing production in the Commonwealth. It had intended to launch a bang-up sales drive in the Far East. A.C.I. puts the blame on labor for a change in plans. It now is preparing to erect a glass-container factory on 20 acres of bomb-pitted land in Singapore.

A.C.I. says its troubles spring from the too-rigid enforcement of the 40-hour week. Actually, such a work-week is not yet universal in Australia. But where it has been enforced it is strictly on a five-day basis—no Saturday or Sunday work. The two-day break has upset the economic balance of such round-the-clock industries as iron and steel, chemicals, and glass.

A.C.I.'s New South Wales plants are limited to a five-day, three-shift week of 120 hours. On these terms, it says, it could not meet U. S. and British competition.

Singapore production will run on a continuous 168-hour week. The wholly mechanized plant will provide initial employment for 200 Malaysians and Indians. The first furnace, with a daily capacity of 60 tons, will go up shortly.

But despite this labor problem, Australia is gaining an important new industry. Philips Electrical Industries, Ltd., will soon go into production on the hot air engine developed by Philips Research Laboratories in Eindhoven, Netherlands (BW—Aug. 24 '46, p80).

The engine will fit Australian conditions perfectly since it was designed for use where water and liquid fuels are scarce. Water must be pumped 300 miles for the thermal units in Western Australia's gold mines. Similar conditions are met in many Australian "outback" townships and farms, where water is as scarce as gasoline.

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DISTILLATION PRODUCTS, INC..... 63 Agency—Knox Reeves Adv., Inc.	ROYAL TYPEWRITER CO., INC..... 53 Agency—Young & Rubicam, Inc.
DUREZ PLASTICS & CHEMICALS, INC..... 12 Agency—Comstock, Duffes & Co.	JOS. T. RYERSON & SON, INC..... 23 Agency—Aubrey, Moore & Wallace, Inc.
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EMPLOYERS MUTUAL LIABILITY INS. CO. OF WISC..... 27 Agency—Hamilton Adv. Agency, Inc.	SOCONY VACUUM OIL CO., INC..... 46, 47 Agency—Compton Adv., Inc.
FINNELL SYSTEM, INC..... 44 Agency—Johnson, Read & Co., Inc.	SQUARE D COMPANY..... 38 Agency—Reincke, Meyer & Finn, Inc.
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# THE MARKETS

(FINANCE SECTION—PAGE 2)

## Security Price Averages

	This Week	Week Ago	Month Ago	Year Ago
<b>Stocks</b>				
Industrial .....	150.9	150.7	155.2	172.4
Railroad .....	43.2	42.8	45.3	61.1
Utility .....	76.0	75.7	76.0	89.4
<b>Bonds</b>				
Industrial .....	123.9	124.0	122.9	124.8
Railroad .....	110.8	110.7	110.8	117.6
Utility .....	113.3	113.7	113.9	115.5

Data: Standard & Poor's Corp.

## The Sidewise Market

Since the first of the month, the New York stock market has been sulking quietly—with the Dow-Jones industrial average stuck at six or seven points below the July 24 high. In the past week or so, a good many disgusted traders have decided that this is a fine time to take a vacation.

• **Bulls and Bears**—Some of the leading bulls have changed the date for the beginning of the new upward movement they have been predicting. They now think it won't get under way until some time after Labor Day. Meanwhile, they say, the market will be gathering strength for a new rush.

Bears are making what they can of the fact that when the market shows any disposition to move at all it usually gives a little ground. But even they admit that the argument is pretty feeble. There hasn't been enough volume in this month's trading to give the price movements any real meaning. Last Tuesday, for instance, when the indus-

trial average eased down about two-thirds of a point, only 600,000 shares changed hands. And on Wednesday when it lost another three-quarters of a point, the Big Board's volume again was just 600,000 shares.

Obviously, the public is not in the market on either side. All of the month's sessions have had the "professionals only" sign on the door.

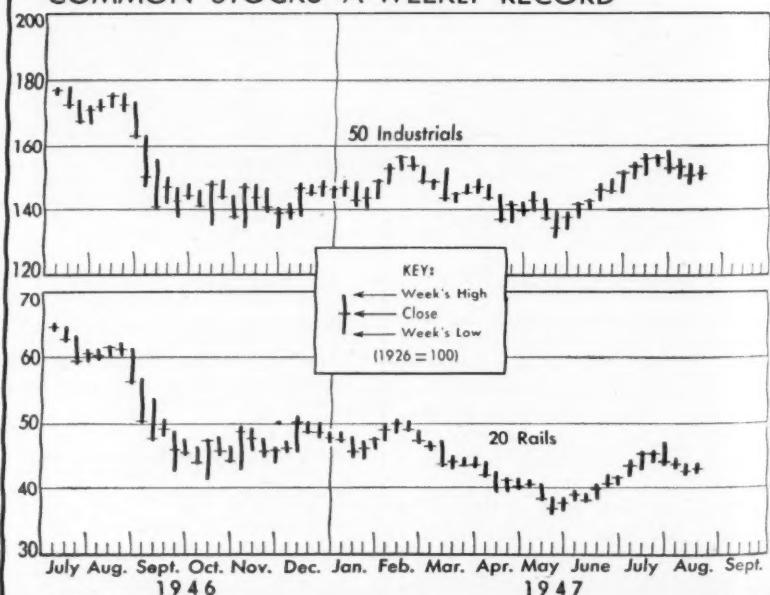
• **What the Charts Show**—On the charts, however, the August market has begun to sketch an interesting picture for a true believer in the Dow-theory gospel. Since the first of the month, the industrial average has edged along sideways. Its upper limit all this time has been around 183; its stopping point on the downside has been about 179.

All this makes a long horizontal line across the face of the charts. And the orthodox Dow theorist lines are important. When the market finally breaks away from the line, the direction of movement will be the chart-reader's signal. If it comes out on the upside, the chartists will bet on a lousy rally. If it goes out the bottom, they will resign themselves to a drop that probably would take the averages back to the bear-market lows.

• **One Big Question**—Technically, the market seems in a fairly strong position. It has now written off about one-third of the gains scored in the May-June rally, and the long waiting period has given it plenty of time to digest the rest.

But technical points are not what

## COMMON STOCKS—A WEEKLY RECORD



Data: Standard & Poor's Corp.

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count these days. The big question that hangs over Wall Street is the same one that faces the rest of the country: Is there or isn't there going to be a business recession within the next six months?

Since the recession hasn't shown up yet, bulls would like to dismiss all talk of it as the dreams of a bunch of opium-eating statisticians. But there are still too many traders who realize that economic movements do not run on precise timetables like crack railroad trains. Until they have made up their minds, it will be hard for either bulls or bears to get off anything more than a short rush away from the present levels.

## Treasury Ups One-Year Interest

There was big news in the government securities market this week. The Treasury, after much huffing and puffing, finally loosened the peg on the one-year certificate rate. It thus took the second cautious step toward higher short-term interest. At the same time, it promised insurance companies and other institutional investors that next month they will at last get a whack at a new long-term bond with a 2½% coupon.

**Defrosting**—The first step toward lightening short-term rates came a month and a half ago. At that time the Federal Reserve Banks, with the Treasury's consent, defrosted the 90-day bill rate (BW-Jul.12'47,p.22). This had been frozen at ¾% ever since the start of the war financing program. After the defrosting, it went up to just under 1%.

Now the Treasury has followed through by letting the rate on one-year money squeeze up a notch. Certificates had been pegged at ¾%. The issues that the Treasury announced this week establish what amounts to a 1% rate for one-year paper.

**No Surprise**—Word had got around Wall Street that the Treasury was going to raise the certificate rate when it revealed its plans for September operations. Consequently, the announcement took no one by surprise. But there was some little grumbling when bond dealers finally got a look at actual details of the program.

The Treasury's plan is really a package of three separate items:

(1) On Aug. 20, it offered a new issue of ¾% 10-month certificates in exchange for the \$2,341,000,000 of old ½% one-year certificates maturing Sept. 1.

(2) Early in September, it will offer 12½-month 1% note in exchange for two issues that mature Sept. 15. One of the maturing issues is a 1½% 3-year note (\$1,687,000,000 outstanding); the other is a 1½% four-year note (\$2,707,000,000 outstanding).

(3) Around the end of September, it will offer institutional investors a 2½% nonmarketable bond with a maturity somewhere between 18 and 20 years. Commercial banks will not be eligible to buy or own this new bond, and there will be a limit on how much any institutional investor can hold. Wall Street is guessing that the limit will be around \$1-million, or perhaps a little higher.

**• Not Enough?**—The first two steps in this program make 1% the Treasury's going rate for one-year money. And this is where the grumbling comes in.

Most bond dealers figure that, with the long-term market strong and with 90-day bills going for ¾%, a fair rate for certificates would be around 1½% or 1¼%. They will admit that the new 1% rate is better than the old ¾%, but they still don't think it is enough.

Echoes of this disgruntlement showed up in the long-term market where they produced some curious effects. Theoretically, a rise in short-term rates should have weakened the prices of long-term governments. But things didn't work out that way. Instead, banks that now hold the maturing 1½% and 1¼% notes found themselves faced with a drop in income when offered a 1% issue in exchange. To offset this threatened cut in the earning power of their portfolios, they went into the long-term market to pick up some higher-yield stuff. As a result, the first reaction to the Treasury's announcement was a stiffening in the market for bank-eligible long-term.

**• Full of Steam**—With quotations on the long-term market still trying to go up, the Treasury finds itself in a peculiar spot. One of the main reasons for defrosting short-term rates was to take some of the upward pressure off the prices of long-term issues. But now the Treasury has made its announcement of higher short-term rates, and yet the long-term market is full of steam.

This problem may be even more embarrassing when the time comes to sell the restricted 2½% issue next month.

The Treasury's great worry about a restricted issue is that as soon as institutional investors have bought their quota they may turn around and sell an equal quantity of bank-eligible bonds out of their portfolios. This would be inflationary, because it would increase the proportion of the public debt held by the commercial banks. It is most likely to happen if a booming market for bank-eligibles tempts the institutional investors to sell any that they may have.

**• Ace Up Sleeve**—The Treasury still has one ace up its sleeve, however. If necessary, it can let the certificate rate go up yet another notch—to 1½% or 1¼%. By talking up this possibility it may be able to put more of a damper on the long-term market than the actual rise from ¾% to 1% did.

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# THE TREND

## THE CONSTRUCTIVE ROLE OF PROFITS

Earnings statements for the first half of 1947 (BW—Aug. 27, p. 15) turn out to be much better than most forecasts (including that of the stock market) anticipated six months ago. Taken as a whole, corporate profits after taxes are estimated to have been running at an annual rate of about \$17.2-billion, or 8½% of the rate at which the national income is running. That falls short of 1929 profits which were 9½% of the national income. But it is near enough so that the current rate of profits is being dourly viewed by some analysts as a harbinger of a soon-to-come repetition of 1929.

As we see it, this disturbed view of current profits is demonstrably misguided. In its present context, the high rate of profits as a whole, which is not out of line with what should be expected in a period of peak business, constitutes a decidedly constructive element in the total economic scene. Nor, at the level currently reported, does it presage an early alteration of that scene.

• As is usually the case, the profit picture is not a simple one. Some lines—food products, drugs, textiles, and apparel among them—have been doing less well than in the final half of last year. Others—chiefly durable goods—have been doing better. This is summed up in a compilation by the National City Bank of the earnings of 451 leading corporations. This group doubled the volume of its profits over the level of first-half 1946 (a period of very mixed results), and reported an increase of 16% as compared with the second half.

These totals, however, tell only a partial story. For some purposes, a better benchmark is the rate of return on net worth. The above group reported an average rate of return of 16.6% for the first six months. A year earlier the average rate had been 9%. At that time, however, some leading industries had turned in a very substantial net loss.

The breadth of the present prosperity, as well as a hint of the rapidity with which events can change, is evident from the fact that the lowest return was the 11.1% reported by the drug group. While not uncomfortable, this was less than half the return reported six months ago. An interesting sidelight is to be found in the record of the iron and steel group. This feast-or-famine industry turned in an 11.5% rate of return, second lowest on the list.

• The two questions most commonly raised about any level of profits are: (1) Does it divide up the total income of profit-making enterprise fairly, as between wage earners, owners, consumers, etc.? and (2) does it promise to promote or upset the stability of the economy? Without belittling in the slightest the perennial importance of the first of these closely related questions, we shall concentrate here on the second. It is the focus of most of those current misgivings about the level of profits

which are not so deeply embedded in emotionalism as to defy coherent analysis. An answer to it is also, in large part, an answer to the first question.

The take-off for many of the current fears that the present high volume of profits portends a boom-bust sequence of the 1929 type is a monumental study of America's capacity to produce and to consume which the Brookings Institution made in the midthirties. One of the key conclusions of that study was that under the conditions then existing the American economy would have stayed on a more even keel if a larger proportion of the total income had been devoted to consumption. Since, under conditions then existing, such a shift would have been effected in some degree by a lowering of profits, and since the present level of profits approaches that of 1929, the present level is brought under suspicion as an unstabilizing force.

• Key fact to be noted, however, is that so far as the use of profits is concerned, the conditions existing immediately prior to 1929 stand in striking contrast with those existing today. Then, by and large, capital funds were being piled up. Today this is not the case. Business is spending about 70% of its profits on new plant and equipment, only about 30% for dividends. In recent months capital outlays have been running at the annual rate of \$29½-billion. In 1945 the total was only \$9-billion, and in 1941 it was \$17.2-billion.

This tremendous expansion of business spending has been one of the major factors in carrying our economy forward at the record pace of the past year. In the process it has built up our industrial establishment, long neglected in some of its reaches because of war requirements. Thus it has made that establishment far more capable of sustaining a high level of activity, and meeting what are obviously going to be more heavy foreign demands upon it.

• There could come a time when capital savings would be excessive in relation to direct consumption. Some observers have looked at certain recent price increases with that possibility distinctly in mind. There is no evidence, however, that that time is at hand. On the contrary, there is urgent occasion to use profits and other capital savings for essential investment. Of course, if the need for such investment were ever substantially reduced, business would be faced with shifting to a base that called for a higher output of consumer goods relative to capital goods. At best, this shift would not be easy; the process undoubtedly would involve some decline in profits.

In the meantime, profits are being used primarily to do an industrial-rehabilitation and an essential industrial-expansion job. So long as this is the case, worries that profits are upsetting the economy are not well founded.

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BUSINESS  
WEEK  
DEX